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GUIDE TO INDUSTRIAL AND OFFICE REAL ESTATE MARKETS

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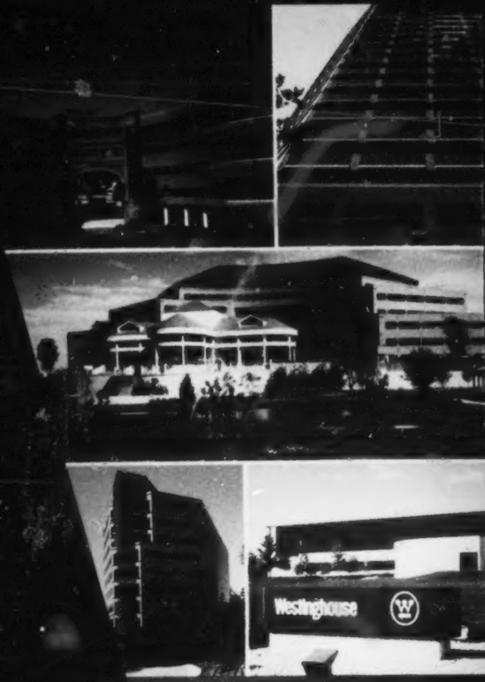

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1990 Guide to Industrial and Office Real Estate Markets

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The *Guide to Industrial and Office Real Estate Markets* is intended for use as a preliminary overview of a variety of real estate markets throughout the world, primarily in the United States. Information presented is from sources deemed reliable. SIOR and its membership are not responsible for any discrepancies that might occur from comparisons made to previous years' publications. The methods for reporting industrial and office information vary with each market area and each chosen respondent. Information presented is not intended for use as the final authority on the markets presented, and SIOR urges its readers to pursue a more thorough and rigorous investigation of individual markets, as required.

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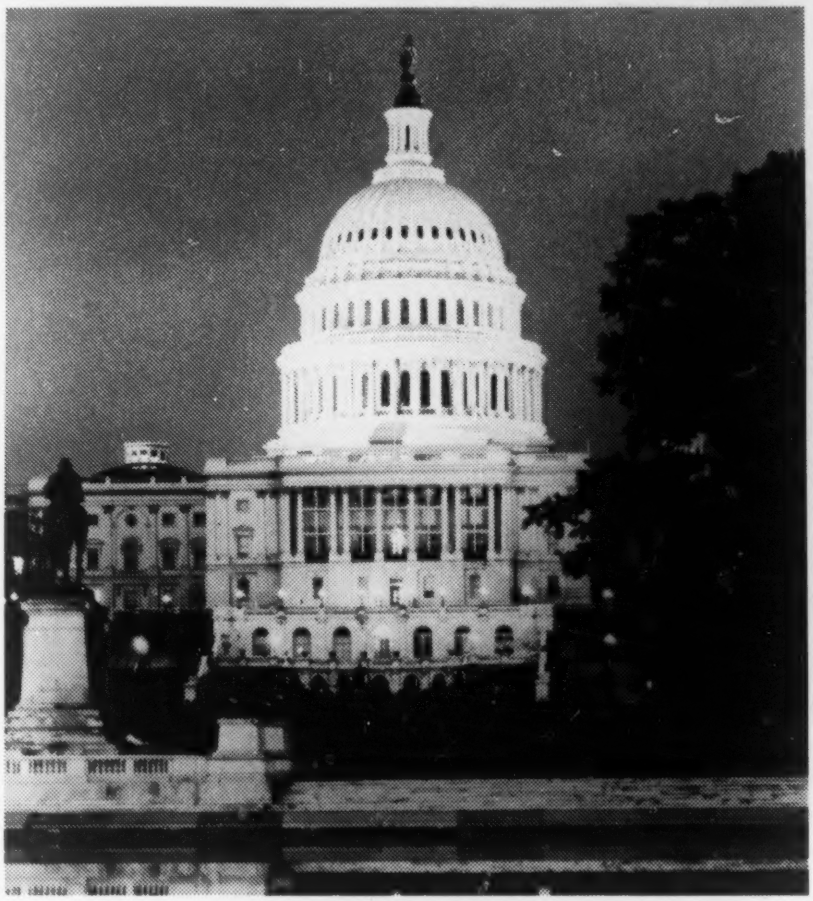

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Foreward

by
Hugh F. Kelly
Senior Vice President
Landauer Associates, Inc.

May I say that it is with both pride and humility that the Society of Industrial and Office REALTORS®(SIOR) and Landauer Associates, Inc. bring you this *1990 Guide to Industrial and Office Real Estate Markets*?

To be proud and to be humble are often taken to be opposites, and the arousal of one attitude is presumed to exclude the presence of the other. But George and Ira Gershwin had it right: "It ain't necessarily so."

Tracing words to their source can be more than an adventure in the exploration of ideas. The venture can also bring home a trove of unexpected and absolutely delightful riches.

Take our two terms, "proud" and "humble." When you take them back to their roots, you find that linking them doesn't produce contradictory feelings, or a coincidence of opposites, or a kind of mental uncertainty, or even schizophrenia. What you find is an evocative and entirely appropriate surprise.

"Proud," as it turns out, is based upon the Latin *prodesse*, a verb that means "to be for" or "to be in favor of," even "to find advantage in." In all those senses, it is easy to be proud of the *1990 Guide*. After all, in an industry that is hungry for information, this publication has annually satisfied the appetite of the real estate community for data. Within the covers of the *Guide* are real estate markets measured in the hundreds, square footage measured in the billions, investment value measured in the trillions. Surely one can favor the compilation of such an extensive array of data within the pages of a single volume.

More than that, it is not hard to see the advantage in a disciplined approach to the real estate industry that looks at markets systematically and in great detail. SIOR, in this annual *Guide*, has sought to look at a large number of markets in truly comparable ways. Each year the *Guide* returns to the same questions.

How large is the market?
How well utilized is the market?
How is the market growing?
How is the market segmented?
What are the costs of entry?
Who are the users?
Where is the market headed?

So each year a snapshot of each market is taken. When compared year to year, a picture of the market's change takes shape. When compared market to market, the relative standing of each can be assessed. The reader can find advantage in such an effort, can find favor in the endeavor. We can be proud to contribute to making such research available.

But what of humility? On one level, humility is an entirely appropriate attitude for one who seeks to be of service. It is helpful to remember the spirit in which this *Guide* is assembled. It does not pretend to be a definitive roadmap to a specified destination for its readers. Rather the *Guide* is a handbook for the journey, a tool to be put to work, an instrument of service; no more. Our aspiration is humble: to serve.

On another level, the *Guide* is humble in the way all good research is humble. It puts the data first. In market upon market, the *Guide* offers data and commentary. But in sheer volume, data takes precedence. Further, the commentary springs from the data; it is humble before the data. The *Guide* leaves to others the approach that searches for data to support real estate behavior driven by ambition, herd instinct, or simply wishful thinking.

But mostly the *Guide* remembers that "humility" is rooted in the word "*humus*," which means "the earth." We are always aware that the idea of "land use" implies an understanding or appreciation of how we use the earth, and that the products and services developed or sheltered in real estate are intended to be improvements upon the earth.

Even more deeply or more fundamentally — both earthy metaphors — humus is related to "humanity." It is no accident that the creation accounts of the world's great religions tell of humanity being formed from the matter of the earth. And so we are humble in remembering the human dimension of the real estate field. In factories, warehouses, laboratories and offices we have more than just bricks and mortar, more than passive investments, more than abstractions or the casino chips of cheap speculation. These are places where people make their living, and the story of these markets is ultimately a human story. So it deserves to be told with respect, and with humility.

None of this is to suggest that all is deadly serious. It has in fact been enjoyable working to bring this *Guide* to publication. Being part of a wonderful team is always fun, and the teamwork of SIOR and Landauer staff has been a pleasure to take part in. There have also been times when looking at the information has caused one or another of us to exclaim out loud, "Look at that!" as the facts of one market or another refused to fit into preconceptions or stereotypes.

I hope that you, the readers, find advantage in this year's *Guide*. I hope also that you find that we have stuck close to the fundamentals. If so, you will understand something of both the pride and humility with which this work has been carried out and is here presented to you.

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SIOR is comprised of a worldwide network of industrial and office real estate specialists with more than 1,000 cooperating offices in over 350 cities. Members work with each other to meet the needs of industrial and office property owners, users, and investors.

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About The Survey

SIOR presents its 1990 edition of the *Guide to Industrial and Office Real Estate Markets*, an annual report of market data compiled by a select group of **SIOR** members in major metropolitan areas in the U.S., Canada, and abroad. A total of 175 respondents reported on industrial markets and 150 respondents reported on office markets.

This publication includes a detailed **review and forecast** of both industrial and office real estate markets, as well as an analysis of economic trends and their affect on industrial office markets. A detailed analysis of the industrial and office markets in the U.S. is presented on pages **11** through **18**. In addition, the survey is intended to be a general overview of market areas. Data are based on the respondents' own experience and transactions in their markets, as well as on information from a variety of other sources (see page xxvii).

In many cases, **SIOR** respondents consulted brokers, lenders and other specialists in their areas to determine the most accurate and up-to-date data available. In all cases, statistics reflect the particular market conditions prevailing as viewed by the respondents in their specific areas at the time they submitted their completed questionnaires, on or about December 31, 1989.

For each industrial market, you will find the following information:

- Demographic statistics
- 1989 review and 1990 forecast
- Industrial market characteristics
- Dollar volume of sales and leases compared to one year ago
- Sales prices of prime industrial buildings
- Sales prices of prime industrial sites
- Annual lease prices of prime industrial buildings
- Rate of new construction compared to a year ago
- Construction costs of prime industrial buildings
- Vacancy situation for prime industrial properties
- Composition of absorption
- Financing for industrial properties
- Outlook for industrial real estate
- A complete reproduction of the questionnaire used for the industrial survey begins on page 183.

For each office market, you will find the following information:

- Demographic statistics
- 1989 review and 1990 forecast
- Office market characteristics
- Levels of absorption
- New construction activity
- Gross rental rates for both Class "A" and Class "B" buildings
- Dollar value of standard work letter
- Parking ratios
- Utility rates
- Operating costs escalation
- Leasing activity profile
- Outlook for office properties
- A complete reproduction of the questionnaire used for the office survey begins on page 337.

Glossary of Terms

Demographics

Population. The 1989 population projection for the MSA.

Population Growth Rate. The annual percentage change in populations between 1980 and 1989. Figures are based on data from National Planning Data Corporation.

Unemployment Rate. The percent of labor force unemployed in September 1989 as published by the Bureau of Labor Statistics in Employment and Earnings.

Median Household Income. The estimated median household income for 1989 as published by National Planning Data Corporation.

Cost of Living Index. Measures relative price levels for consumer goods and services in participating areas, as published by American Chamber of Commerce Researchers Association (ACCRA).

Demographic Rankings. This ranks local statistics against other U.S. Metropolitan markets.

Industrial Markets

Prime Industrial Building. A prime industrial building is in the top 25 percent of the most desired industrial properties in a given market area. Such buildings are considered to be for general purpose uses such as industrial, research, warehouse and/or manufacturing.

Central City/Suburban. Since the definition of urban and suburban varies widely, it is the responsibility of the individual survey respondent to reflect his or her area's particular characteristics.

Total Inventory. Total square footage (sf) of rentable industrial space, vacant and occupied, ready for tenant finish. Includes owner occupied space.

Vacant Inventory. Total square footage of vacant rentable industrial space, including sublease.

Net Absorption. Net absorption is the net change in occupied space.

Under Construction. Industrial space in construction stages, ground has been broken. Does not include planned projects.

Construction Costs. Construction costs reflect only hard construction costs such as general contractor, overhead, and profit, but exclude architectural and engineering fees, financing fees, and mortgage/brokerage fees for both construction and permanent financing.

Lease Prices. A gross lease is one in which the tenant's rent includes real estate taxes, fire and extended coverage insurance, as well as maintenance of the roof structure and outside walls. A net lease is one in which the tenant assumes the operating expenses of the leased premises.

Improved Sites. Improved sites are in the top 25 percent of overall desirability of the existing inventory. Such sites are in a "ready-to-build" condition and are essentially level and graded and serviced with all necessary utilities. Rail service may or may not be available.

Unimproved Sites. These sites are also in the top 25 percent of overall desirability of the existing inventory and zoned for industrial use. Streets and utilities may not yet be installed, but are reasonably close and available. Rail service may or may not be available.

Prime High-Technology Building. Generally, high-technology (high-tech) buildings are 50 percent or more office, fully air-conditioned, 12-18' clear height, have extensive landscaping and parking, and are architecturally impressive. In some areas of the country where high-tech industries are not prevalent, this building could be used as a showroom or as pure office. These properties are sometimes called "Flex buildings."

Glossary of Terms

Office Markets

CBD. Central Business District space located near the historical urban core, commonly associated with traditional government and financial districts in most cities.

Outside CBD. Outside the CBD includes both suburban area and "urban clusters" with areas of high office space concentrations which often rival nearby CBDs.

Class "A." Excellent locations, high quality tenants, high quality finish, well-maintained, professionally managed, and usually new, or old buildings that are competitive with new buildings.

Class "B." Good location, professionally managed, fairly high quality construction and tenancy. Class "B" buildings generally show very little functional obsolescence and deterioration.

Total Inventory. Total square footage (sf) of rentable space, vacant and occupied, ready for tenant finish. Does not include owner occupied space.

Vacant Inventory. Total square footage of vacant rentable space, including sublease.

Current Construction. Total square footage presently under construction includes any space that will be available for occupancy before the end of 1990.

Substantial Rehabilitation. Repair/replacement of building interior finish and/or systems requiring temporary displacement of tenants.

Net Absorption. Net Absorption refers to the net change in occupied stock.

Rental Rate. Minimum, maximum, and weighted average quoted rental rate for competitive office space in each class, in U.S. dollars per square foot ($/sf).

Weighted Average Rental Rate. Average quoted rental rate weighted by the vacant space available at the rental rate, in each class.

Average Utility Rates. Figures presented are dollars per square foot per year.

Standard Work Letter. Sometimes called a construction rider, this refers to the work that the landlord will do for the tenant, typically to finish out the interior of the space.

Typical Parking Ratio. The ratio refers to the availability of parking spaces per number of square feet leased by a tenant.

Operating Cost Escalation. Operating cost escalation refers to the procedure used to adjust rents over the term of a lease.

Cumulative Discount Rate. The rental rate discount factor is the cumulative effect of landlord lease concessions on gross rental rates. It is expressed as a percentage of base rent.

Miscellaneous Terms

Trophy Property. A broad characterization of the target of institutional and/or offshore investment interest. This is generally used to identify a highly visible property of excellent reputation, in the absolutely highest echelon of its property class. The term is applied almost exclusively to CBD office buildings in the largest markets, to prime hotel properties, and to super-regional shopping centers.

Sea change. A thorough and striking transformation, often for the better. The term has an enduring place in the language thanks to its prominent use by Shakespeare in *The Tempest*.

Maquiladora. The twin plant operation which has grown up along the U.S./Mexico border, in which goods are shipped into Mexico for assembly and finishing work using lower cost labor, and then are distributed through the U.S. market. Import duties are payable only on the imputed value added in the assembly process.

FIRE Sector. An acronym standing for Finance, Insurance and Real Estate, one of the major industry groupings in the Standard Industrial Classification system established by the U.S. Department of Commerce.

Back-filling. A colloquialism referring to the re-leasing of space once occupied by a tenant which has relocated elsewhere.

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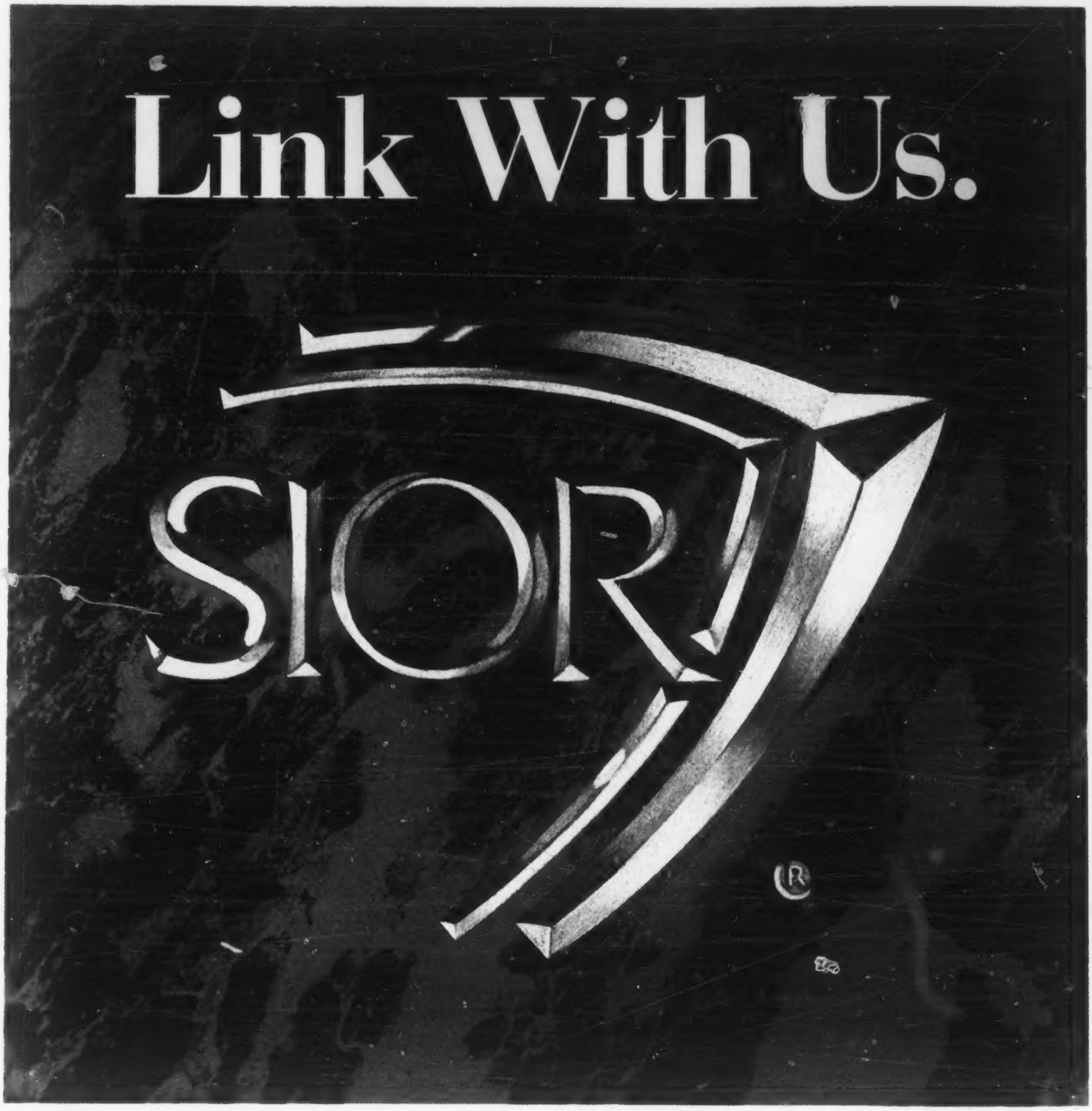

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Economic Outlook

Introduction

"My interest is in the future," Charles F. Kettering once said, "because I am going to spend the rest of my life there." Looking ahead is an appropriate way to introduce the Society of Industrial and Office REALTORS®' *1990 Guide to Industrial and Office Real Estate Markets*, which Landauer Associates, Inc. is pleased to co-produce this year. We are entering a new decade, the final decade of what has been called The American Century. The women and men whose working lives are bound up with the factories, research laboratories, offices, business parks and warehouses of America have shaped much of the story of our times. They are thoughtful people, certainly concerned with meeting today's needs, but well aware that thoughtful preparation for tomorrow's requirements is the soul of today's work.

In reviewing the hundreds of survey questionnaires submitted by SIOR's reporters in markets around the nation (indeed, around the world), I have been struck by the respondents' instincts for markets in evolution. Time after time, their comments reached beyond the dead facts of market cases — where data is spread out like specimens for examination — to the living places where business is done. These are markets with a future, and it is for that future that business decisions are made today: leases executed, purchases made, new developments undertaken. For these property professionals, real estate forecasting is about choices more than it is about predictions. With their thoughtful submissions in mind, this introductory section of the *Guide* will attempt to sketch broadly some of the elements of the future which help shape present choices.

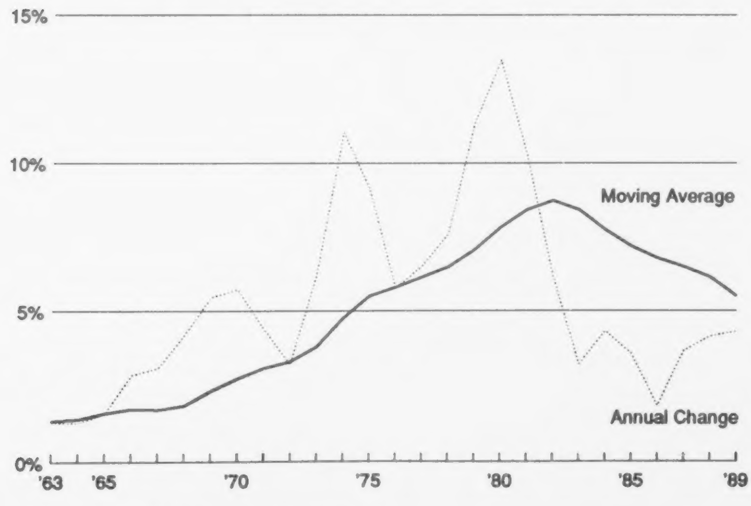
The forces shaping that future are increasingly worldwide in their scope. Real estate is local by its very nature, as its very name in Romance languages such as French (*immobilière*) suggests. But even in their hometowns, SIOR members and their clients feel the effects of Japanese interest in U.S. property, international negotiations affecting the balance of trade, and specific arrangements such as the Free Trade Agreement with Canada or the maquiladora treaty with Mexico. The planned changes in Europe, fast approaching in 1992, cannot be viewed indifferently as something happening "over there," and the sudden winds of change blowing across eastern Europe have changed the local outlook of more than one real estate market in the heartland of the U.S.A. So we will examine some of these global issues as they effect the business of industrial and office real estate in 1990.

And, of course, there is today. Economic, social, environmental and governmental conditions as they exist in early 1990 set the scene for the daily operations of real estate markets. Here are the bread-and-butter issues that challenge the craft of the property professional. We will try to highlight a few of the most important challenges before moving on to our summary of the state of industrial and office markets as we enter the decade of the 1990s.

Looking Toward the 1990s: Less of a Thrill Ride

Since 1985, the United States has operated in what can be termed a "subsidence economy." Many of those

Long-Term Inflation Trend
10 Year Moving Avg. vs. Annual Change



Source: U.S. Department of Commerce

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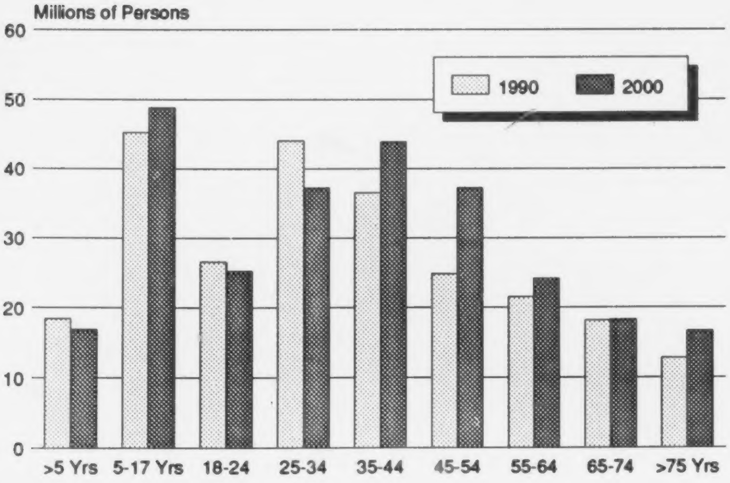
Population Projections
By Age Group (1990 & 2000)



Source: U.S. Bureau of the Census

whose careers span the past quarter-century take for granted that extreme patterns of boom and bust, broad-based prosperity followed by wrenching recessions, is the normal course of economic events. This is what we have known throughout our working experience.

But the past twenty-five years have been far from normal, and a repetition of its motifs is hardly inevitable. Indeed, a strong argument can be made that forecasting the Nineties on the model of the recent past is likely to lead to inappropriate — and very costly — decisions. To use a household example, vigorous consumption, debt accumulation and a low savings rate were perfectly rational economic responses to out-of-control inflation. They could prove to be exactly the wrong formula for the household of the Nineties.

Recall some of the events which have formed our working experience, our economic world view gained from the practical side in contrast to lessons taught on academic chalkboards.

The past twenty-five years have seen the world's currency system stripped from the moorings established by the Bretton Woods Agreement at the end of the Second World War.

The price of a basic commodity, oil, leaped five-fold in price on OPEC's strength in the Seventies, and then collapsed in the face of world oversupply and the unraveling of the cartel in the mid-eighties.

One U.S. president, Lyndon B. Johnson, chose to step away from office rather than risk the possibility of losing his own party's renomination. His successor, Richard M. Nixon (and Nixon's vice-president), resigned while in office rather than face articles of impeachment.

Interest rates, allowed to float freely, rose to levels once subject to usury statutes, with the Prime Rate hitting 21.5 percent at its peak.

In the span of a few short years, America lost its role as lender to the world and became the largest debtor nation in human history.

The United States, which had succeeded in balancing its Federal Budget as late as the 1960s, found itself accustomed to governmental shortfalls measured in the hundreds of billions of dollars per year.

The Dow Jones Industrial Average, which stood at 776 in August of 1982, added nearly 2000 points by August of 1987 — nearly quadrupling the market capitalization of its component firms. Then, in the span of seven hours on October 19, 1987, the stock market saw 25 percent of its five-year rise wiped out.

Once the object of wonder as a model of finance allowing the U.S. to become

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a nation of homeowners, the thrift industry has been buffeted by disintermediation and then, in a cure worse than the disease, by deregulation. The result: the need for a government insurance bailout costing in the hundreds of billions of dollars and the return of at least 30,000 real estate assets to the market via the Resolution Trust Corporation.

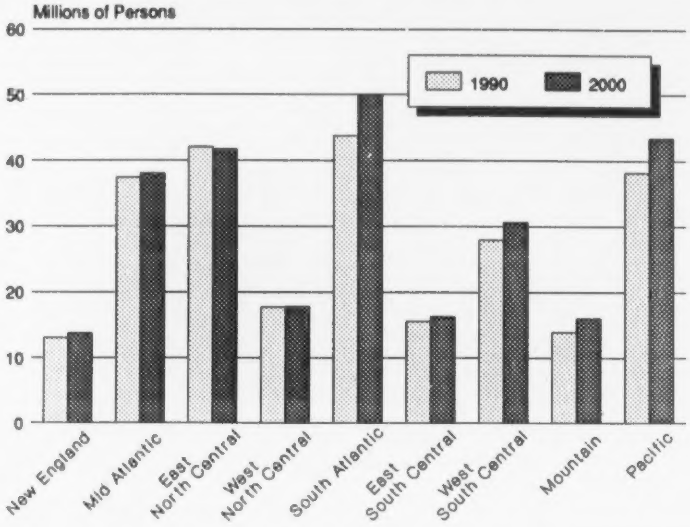
And, most recently, we have been treated to the spectacle of a Wall Street firm, having made its fortune by unabashedly selling "junk" and with its star broker under indictment, declaring bankruptcy. The trigger? A liquidity crisis occasioned by the firm's inability to raise $350 million in short-term debt, a figure coincidentally similar to the amount of bonuses paid to its top executives during the preceding six weeks.

This is the kind of exaggeration which has been part and parcel of our daily business reading since 1965. We have collectively received an inoculation of the virus of excess. There is a tendency to regard these extremes as normal and inevitable. They are not.

The image of a subsidence economy is meant to compare the environment of the past decades to a stormy sea, driven by gale-force winds and with very large, destructive waves. Eventually, the storm subsides. Winds die down, the waves become gentler, and the sea becomes more navigable. To continue the analogy of weather, the pressure systems that spawned the great economic storm systems of the Seventies and Eighties now appear to be easing. Smoother sailing should be possible in the coming decades. Some of the graphs on these pages may help make the argument.

Let's start with some simple demographics. One of the best known conditions defining the Nineties is the easing of population pressures as the Baby Boom generation moves into middle age and the Baby Bust cohort enters the workforce. The slower growth of the U.S. population has been much noted, and its implications for lesser real estate demand discussed extensively. This is the most basic of influences and, while the population effects will differ significantly market to market, the supporting demographic need for real estate of all kinds cannot be ignored. Demography indeed sets the stage for the subsidence economy of the 1990s.

Population Projections
By Census Regions (1990 & 2000)



Most regions of the country will be able to count on a relatively stable resident base during the coming decade. With neither a huge influx of people sending construction volumes soaring nor massive economic obsolescence causing the sudden downgrading of property to the category of economic furniture, most metropolitan areas will be able to attend to essential tasks like the upgrading of commercial space and

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the replacement of inefficient office and industrial stock. If productivity, both blue- and white-collar productivity, stands high on America's economic agenda for the coming decade, the provision of an appropriate workplace must rank as an important element in our national economic strategy.

This is not to say that there will not be strong growth areas in the Nineties. Clearly, the South Atlantic States, the South Central States, and the West Coast will need to accommodate large numbers of new residents and workers. This means that Florida, Georgia, Texas and California may enjoy better prospects but also more volatility than typical of real estate markets nationwide during the Nineties.

As most commentators' attention has been focused on the sharp drop in the number of new labor force entrants, thought can profitably be given to the Baby Boom moving through the middle cohorts. Between 1990 and 2000, the "boomers" will be in the 35 to 54 year age range. These should be workers absolutely at the top of their games in terms of careers and productivity. They have now received all the on-the-job training characterizing those in the early stages of the learning curve, and can now be expected to produce high value-added results for their employers. Productivity and profitability, of course, eventually find their way into facilities decisions regarding the siting, quality and quantity of real estate.

One effect of the nation's shifting demographic balance will be seen in the recessions of the 1990s. One feature of each of the past several recessions has been that unemployment and the stresses accompanying joblessness have reached successively higher peaks in each contraction. That trend is likely to be reversed in this decade. That is to say, while the era of subsidence is not going to repeal economic cycles, labor force economics suggests that the layoff effects of recessions will be mitigated by the Baby Bust during the Nineties and that unemployment peaks will trend downward through the end of the century.

Another effect that we have become used to is that inflation has climbed higher in each successive economic expansion since the Sixties. Here, the pattern of the subsidence economy is already partly visible. While year-to-year inflation remains volatile, a longer-term measure of price change — the ten-year moving average of the Consumer Price Index — peaked in 1983, has trended down since, and is virtually guaranteed to ease further for the next two years as well.

The Federal Reserve, in January and February of 1990, reaffirmed its resolve to push inflation lower than the four to 4.5 percent levels which we have seen each year since 1987. In this, the Fed is aligning itself with the central banks of Germany and Japan. Jawboning about a zero inflation target is becoming more common, but a three percent level will probably be considered acceptable through the middle of the decade. In the face of rolling

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sectoral threats of price increase — from agriculture, to oil, to consumer imported goods, to health care — there has been a repeated nervousness about inflation reigniting. At some point the weight of historical evidence — that 10-year moving average — and the consistency of the Fed will persuade the markets that the secular tendency of inflation is now downward.

That will mean that the inflation premium imbedded in interest rates will have a chance to come back to earth. Real interest rates have been stepping down from time to time since 1982, it's true. But with the prime rate early in 1990 at 10 percent and inflation at 4.5 percent, that is still a 550 basis point spread, a spread caused both by memory and by uncertainty. If the Fed successfully manages the economy to a three percent inflation target, a prime rate of six percent is not out of the question by the mid-1990s.

A low interest rate is the best kind of news that real estate markets could receive. Much has been made of the high prices that commercial property achieved in many oversupplied markets during the 1980s. Without debating the question of whether these properties have been overpriced, one element in the pricing structure has certainly been the undulating downward slope of interest rates over the decade.

If the argument for lower inflation and lower interest rates proves correct, the capital formation process has a much stronger outlook in the Nineties than during the past two decades — and we don't need junk bonds to get the job done. Investment and savings rise if there is confidence in the currency and real long-term returns can be earned. Add greater voluntary savings to the three trillion dollar pool of enforced savings in the pension fund pool, and it is clear that there is an enormous pool of capital for investments of all types, including offices and industrial real estate.

No doubt, this is an optimistic scenario for the coming era, one which has a degree of probability but which is by no means guaranteed. Still, such an outlook for capital appreciation in real property assets might explain what overseas investors perceive as an opportunity in the States even as domestic property experts concentrate on immediate market troubles.

The stark contrast such a period of subsidence offers, however, teaches a cautionary lesson against the naive extrapolation of recent real estate trends indefinitely into the decade to come. The world has witnessed a sea change in an historical blink of an eye. In our industry, we have only begun to contemplate what such changes will mean for the way we do our work.

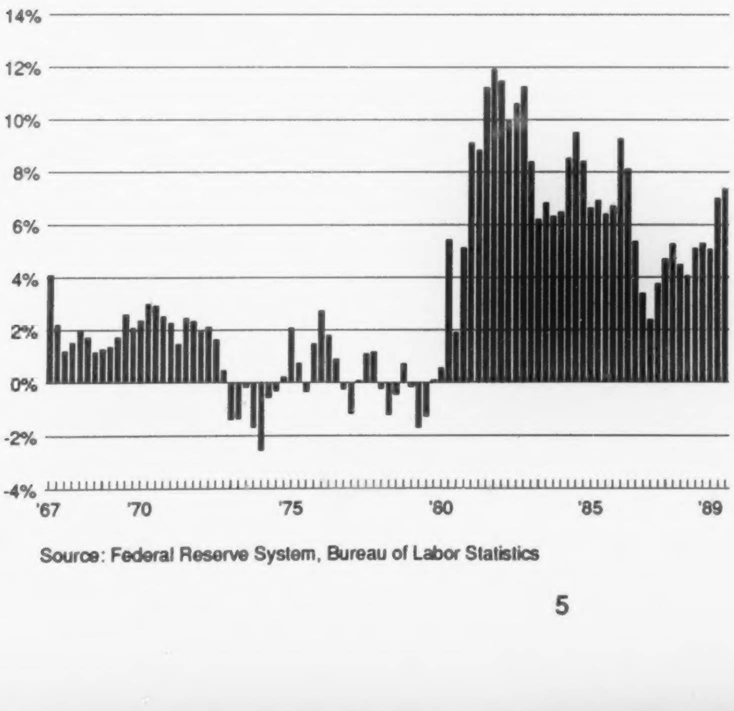
International Events and the U.S. Real Estate Community

Globalization is a fairly bloodless term that has frequently been described in terms of electronic blips representing huge capital flows swinging around the world in 24-hour trading. The market that never sleeps. The world as casino.

For those involved in the industrial and office real estate fields, however, the international aspect of real estate is a tangible and ever more frequent element in their own markets.

Direct investment is part of the picture. Facilities placement involving lease,

Prime Rate vs CPI



Source: Federal Reserve System, Bureau of Labor Statistics

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purchase or new construction may be involved. Goods production or shipment is sometimes the point of contact. Along the Canadian border the elimination of trade barriers has effectively merged U.S. and Canadian markets. From the Rio Grande to San Diego, twin plants match low cost Mexican labor to huge American markets and distribution networks.

Looking specifically toward Europe, the creation of the single European Market in 1992 offers intriguing opportunities for those whose clients include multi-national corporations. And in every U.S. city, no matter how small, the word perestroika is known and the implications of the sweeping changes in the Eastern Bloc are discussed for both their historical significance and their local consequences.

In this material world, the flow of goods between nations is an effective way to take the temperature of the international economy. Since the early 1980s the deteriorating balance of trade, as measured by the current account deficit, has been the subject of lively debate in the United States. Industrial real estate markets have been affected in several ways. The enormous swings in the exchange rate of the dollar first crippled and then revivified America's manufacturing economy. Whole sections of the United States, the Midwest especially, saw their entire economy disrupted, manufacturing facilities closed, supplier networks shrivelled and populations lost. Despite the revival of export activity in the past few years, permanent change was wrought in many communities by the high-dollar policy of 1981 to 1985. The industrial real estate markets went to school on international economics.

Simultaneously however, and with less fanfare, the total volume of trade was exploding. Since the aggregate of import and export activity passed through the nation's distribution system, warehouse demand reached unprecedented levels, especially in the nation's gateway cities and most especially along the West Coast. From cars to consumer electronics, a major expansion of the supply line connecting off-shore producers to the American buying public was undertaken and the capital investment to finance distribution facilities became available in abundance.

The profits earned by those nations enjoying a trade surplus with the U.S., most visibly the Japanese, were recycled into the United States as investment capital. The investment took the form of U.S. Treasury debt; the establishment of manufacturing capability here in the states; and the acquisition of some of the most famous real estate in the country. In the 1980s,

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globalization in real estate meant learning to relate to international companies as clients, as tenants, as neighbors, as partners, as bankers and as landlords.

As we enter the Nineties, it is increasingly obvious that offshore investors come to the U.S. real estate market with an entire range of objectives and a very diverse set of tools for accomplishing them. Dutch and British institutions are emphasizing the placement of well-collateralized debt with equity participations. Hong Kong investors come as all-cash purchasers. The Japanese themselves range from conservative institutions seeking the best buildings in the best markets; to construction companies seeking development joint ventures; to aggressive financial intermediaries looking to create and market unitized and highly sophisticated debt and equity offerings to wealthy individuals in Japan.

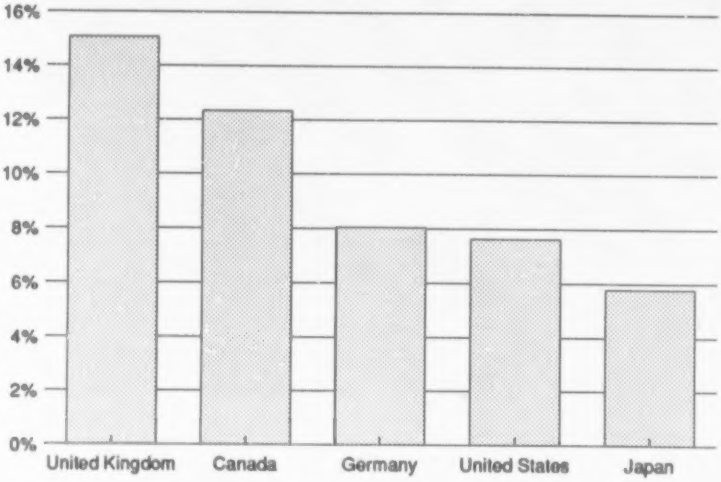
Our own hemispheric neighbors, Canada and Mexico, have meanwhile been forging closer links with the U.S. economy. Relations with these nations are affecting dozens of American real estate markets. The maquiladora, or twin plant industry, permits U.S. corporations to assemble products in Mexico using local, low-wage labor, and repatriate the product with duty payable only on the imputed value of the assembly process. There are some 1,600 maquiladora facilities along the U.S.-Mexico border, and their activity has been so successful that cities along the Rio Grande like El Paso and Laredo have scarcely noticed the real estate recession which has gripped the remainder of Texas.

On the northern border with Canada, the implementation of the U.S.-Canada Free Trade Agreement has been a shot in the arm for markets like Buffalo, Detroit and Windsor, Ontario. Canada is the largest single trading partner for the United States, and the reduction of trade barriers has stimulated manufacturing and warehousing activity considerably. The Canadians have long been active investors in U.S. property and will continue to be. Firms like Olympia & York and Trizec are major landlords in several American markets. Canadian banks are highly capitalized, relationship-based lenders, and several are seeking to grow market share in the states via U.S. subsidiary operations.

Superficially, the creation of the Single European Market in 1992 looks like the Free Trade Agreement writ large. There are important differences, though, and the consolidation scheduled to occur two years from now is already beginning to affect the Society's members and their clients.

Perhaps it is easiest to think of the opening of European borders to freer trade as analogous to large industry deregulation here in the U.S. We have been through several of these in the Seventies and Eighties — trucking, airlines, telecommunications, finance — and can discern the patterns common to them all. The first phase is a period of positioning and rapid expansion. The key strategy in this phase is to get a foothold and to maximize market share. A broad array of product is introduced, staffs are enlarged, marketing dollars are spent liberally. Firms are concerned that they not be outdone, overwhelmed by competitors in the early

Short Term Interest Rates
December, 1989



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years where barriers to entry are low, in the fear that future opportunities against entrenched and experienced opposition may be few or none.

This is, of course, an expensive and even prodigal undertaking and a shakeout inevitably ensues. Companies narrow their product ranges, trim staffs, and some disappear altogether. Eventually, the new market matures and the development of specialist or niche stategies becomes more common as profitability rather than market share becomes the overriding objective.

Europe is just getting ready to enter that first stage. Consequently, it is drawing tremendous attention on the part of corporations and institutions looking to exploit the perceived opportunities. One result is that American real estate assets are getting proportionately less attention than they might otherwise receive. This is true of the Europeans themselves, but it is also true of many of the U.S. multinational corporations who are looking to Europe 1992 so intently that their activity within the United States is likely to be down for the next year or so. Even the Japanese are diverting some of their interest across the Atlantic, postponing their expected entry in some of the smaller U.S. markets which have been awaiting trans-Pacific investment.

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A further consequence for American property markets is that international comparisons will become more and more common. American real estate professionals will be expected to be conversant with property in the international arena in ways never before considered so vital. Comparative yield rates are only the beginning. The ability to shop for debt across borders will mean learning more about the cost of capital around the world.

Any increase in world trade is, of course, going to affect the warehouse and distribution system, especially in key East Coast ports. And as with all aspects of internationalization, cities high in the global urban hierarchy — New York, Los Angeles and Chicago in the U.S. — will see demand for their specialized services growing measurably.

The opening of Eastern European markets and the apparently inevitable reunification of Germany presents a trickier read, but one with more direct near-term effects on the office and industrial markets of the United States.

The ebullience greeting the introduction of democracy and open market economies into the Eastern Bloc nations is perfectly appropriate and understandable. However, this is not going to be a smooth transition. Those expecting a sudden chance to make money will be disappointed. The markets that are opening lack some key ingredients — cash for one thing, infrastructure for another, and a population schooled in the discipline of markets for a third.

There is no direct parallel that can be drawn to a previous situation for historical guidance. In some ways, investing in Eastern Europe will be like encouraging development in the Third World, and some of the hard lessons of the 1970s may prove useful. In other ways, the task is similar to that undertaken in Western Europe by the Marshall Plan in the late 1940s — a venture requiring aid, not market-justifiable investment, and which has a payback period measured in decades, not fiscal quarters or even years.

Even so, more than one SIOR survey respondent mentioned some direct effect of the apparent dissolution of the Communist bloc. Any U.S. city with a large military installation expects to see change soon. Markets with a heavy emphasis on government contracting, whether for defense or for research, are anxious about cutbacks. Port cities and distribution points in the agricultural belt wonder about an increase of food shipments to Eastern Europe. Then, too, there are all the competing plans for using the "peace dividend." The outcomes are all uncertain, but there is no doubt that this major change in the world is going to make some practical differences in hometowns across the United States where the Society's members live and do business.

So that awkward word, globalization, is likely to be with us through the 1990s. It will serve as a reminder that in a world growing smaller and more connected, that even so parochial a commodity as real property is linked to more than just that portion of the earth circumscribed by its metes and bounds.

Economic Summary for 1990

Another year of modest growth is expected for the United States economy. Real gains in the Gross National Product may be slightly stronger than the two percent level which appears to represent the consensus forecast. This is still fairly anemic growth, though, and may require some stimulus to achieve. The rise in long-term interest rates that has occurred during the first two months of the year will reverse themselves, and rates by the Fourth Quarter will be down 50 to 75 basis points from year-end 1989 levels.

The Federal Reserve Board has demonstrated its determination to squeeze inflation below the four percent level, and some progress on that front can be expected this year. Despite the tight labor market conditions prevailing in many parts of the country, it is not expected that wage inflation will accelerate. Most contract negotiations are focused on job security and benefits issues, not the wage/price spiral.

This tight money policy will itself hold growth down during the year. Chairman Greenspan's proclamation that the probability of recession for 1990 was only one in five apparently encourages the Fed's Open Market Committee to hang tough on prices with greater confidence that the "soft landing" scenario of slow but positive GNP growth coupled with declining inflation can be realized in 1990. Historically, the Fed's attempts to fine-tune the economy to this end have met with limited success. In a "subsidence economy," however, the result may be easier to achieve since the long-term fundamentals point toward those same conclusions.

The shift in demography means that the level of job growth which saw employment increase by three million annually is no longer in the cards. Look for a fairly modest 2.3 million employment increase in 1990.

Regionally, the imbalances that characterized the later Eighties are reversing themselves dramatically. New England and the Middle Atlantic states are caught in a downdraft, while Texas is once again expanding its economic base. California once again should see a strong year of growth in 1990.

The nation's financial system looks increasingly fragile. Credit scarcity is already slowing the recovery of some of the southwestern states, and this could spread to the northeast as the year evolves.

Further consolidation of financial institutions can be expected this year and during the early Nineties. The ability of the deposit insurance system to provide protection beyond statutory liability limits is fast being exhausted, and large depositors may face losses as banks and thrifts fail. Indeed the toughness with which the government pursued the Drexel Burnham Lambert case will probably carry over into bank and thrift workouts. Uncle Sam is saying that his pockets have bottoms.

Construction activity will be comparatively slow throughout the U.S., both on the residential side and in commercial property. Housing starts may dip below 1.3 million units. Oversupply in the commercial markets, and more conservative financing standards account for the softness in office and industrial building.

For the national economy, then, 1990 will be a year of slow growth. For individual regions, the outlook varies. But even those areas enduring downturns can take some heart. Unlike the most recent recessions, where industrial obsolescence inflicted permanent layoffs in many locations, today's contraction is a recession of excess. Jobs in the knowledge industries of communications, technology and finance are subject to the cycles typical of free market economies. But it is virtually certain that layoffs in these sectors are temporary and that the Nineties will see a resumption of their long-term growth trends.

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National Industrial Property Market

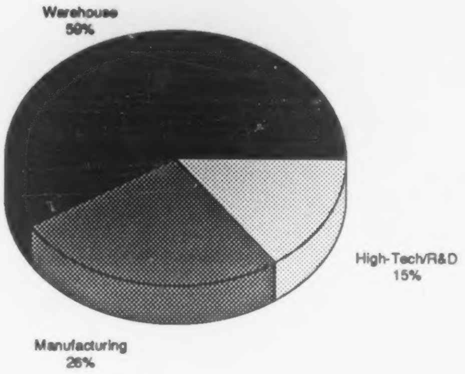
The industrial property market data submitted for the *1990 Guide to Industrial and Office Real Estate Markets* represents research performed at the local level in 125 markets in the United States and around the world. Summing the inventory of warehouse, manufacturing and research and development space included in the survey gives some hint of the magnitude of America's industrial market: 11.6 billion square feet, conservatively estimated to be worth nearly one-third trillion dollars as a capital asset.

This huge market is far more complex than is generally perceived. The growing interest in industrial property by both offshore investors and domestic institutions, together with the consistent interest in good-quality facilities by U.S. corporations, is prompting an ever closer scrutiny of industrial markets nationwide. Variable market conditions throughout the country, their specific economic causes, and the consequence for risk and investment returns are, more than ever before, being subjected to analysis under ever more refined criteria.

SIOR's reporters have reviewed the behaviors of tenants and owner-users in their respective market areas over the past year. Our analysis of their detailed estimates of industrial absorption calculates that warehousing and distribution captured the majority of the net increase in occupied industrial space with 59 percent of the total. Manufacturing accounted for slightly more than a quarter of national industrial absorption, with high-tech/R&D facilities taking the remaining 15 percent.

These statistics translate into approximately 175 million square feet of warehouse space absorbed during 1989, 75 million square feet of light manufacturing/assembly properties, and 45 million square feet of high-tech/R&D space. Clearly, the industrial property market has been active on a national basis. User demand is supporting the increased level of interest in the real estate investment marketplace.

Composition of Absorption

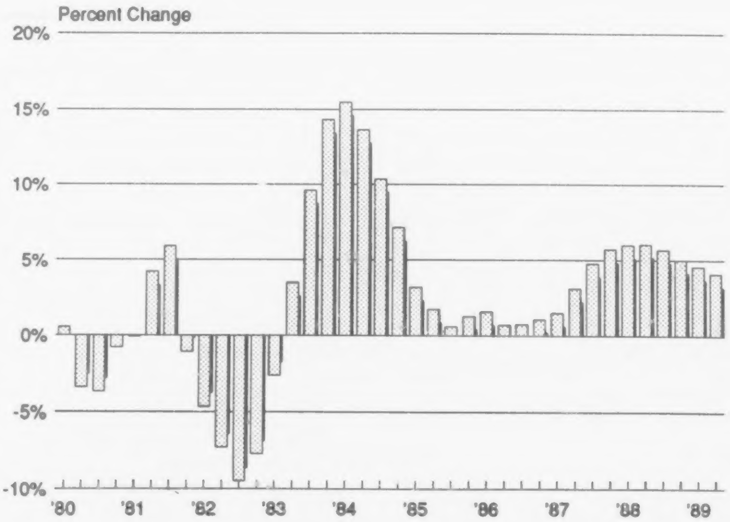


Looking at the entire grouping of industrial markets, the aggregate industrial vacancy rate for 1989 amounted to 8.1 percent. Central cities, which contain 35.3 percent of the total inventory in SIOR's sample, registered a vacancy rate of 7.8 percent. The suburban stock posted 7.5 billion square feet in total inventory, and had an 8.2 percent availability rate last year.

These figures are broad averages, of course, and the market-specific character of real estate requires an understanding of local conditions. Vacancy data was analyzable for 103 markets, and 43 of these had vacancy rates below the national average. Twenty-two of the strongest markets had availabilities under five percent. No facile generalizations can be drawn about patterns creating strong markets. Neither size nor geographic characteristics fully explain a list that includes Los Angeles and Grand Rapids, Miami and Memphis, Seattle and Sioux City.

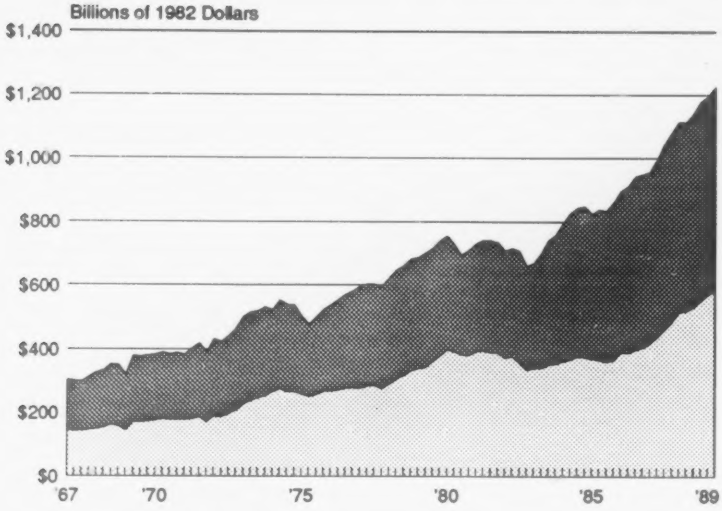
Only eight markets were severely stressed with vacancy rates of 20 percent or higher. Some of these markets, like Phoenix and Boston, have been caught in the downdraft of local economic contraction. Others, including Gary, Indiana and Southern New Jersey are struggling with structural shifts in their economic base. And there are some on the list, especially

Industrial Production Index



Source: Federal Reserve System

Trade Volume



Source: U.S. Bureau of the Census

San Bernardino County in California, where high vacancy rates simply reflect rapid inventory additions over the past few years.

Our study of the SIOR data does suggest that the composition of market makes a difference in their fundamental performance. We examined the distribution of absorption in each of the markets, as compared with the national norms, and then looked at the occupancy ratios exhibited by each of the markets in the survey. The results appear to be significant.

Market areas with higher-than-average warehouse and distribution concentrations smartly outperform the nation in their utilization of existing inventory. And there is a very large number of these markets. Sixty-one percent of the markets studied can be classified as warehouse/distribution dominated, and these have an average vacancy rate of 6.8 percent. With annual international trade volumes at $1.5 trillion and U.S. industrial production rising for 26 consecutive quarters, the impetus for growth in the warehouse/distribution segment of the industrial market is not hard to discover.

The U.S. manufacturing economy remains a vital contributor to our national well-being, popular proclamations of a "post-industrial economy" notwithstanding. It is therefore distressing to report that manufacturing-concentrated markets are more troubled this year. But this does seem to be the case.

Thirty-nine percent of the markets in the SIOR survey can be classified as manufacturing dominated, and these markets have a troubling 10.3 percent overall vacancy rate. There is, however, a real need to examine the details of each market. Midwestern markets including Dayton, Cleveland and Akron are facing contraction in their blue-collar economies. But markets like Indianapolis, Buffalo and Grand Rapids are showing excellent results.

It seems apparent that the glib pronouncements of the pundits are sorely wanting when America's production economy is considered. There are not many who would compile a recommended investment list incorporating the names of Lakeland, Florida; Seattle, Washington; and Birmingham, Alabama. But these locations plainly are worth a serious look based upon data in this and previous SIOR surveys.

Research and development are vital to America's future competitiveness in world markets. The sorry state of our high-technology markets is therefore a worrisome story to relate. It would be comforting to lay the entire blame for softness in the R&D market to the over-enthusiasm of developers. While excessive construction volume is a factor in the weakness of this market, we

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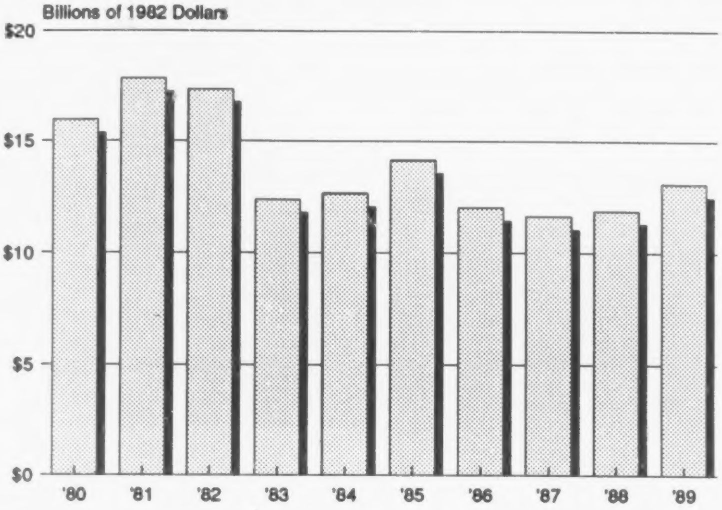

Source: U.S. Bureau of the Census

'89 Landauer Estimate

must acknowledge that demand for space has been far less than expected. The United States is simply not exploiting its technological potential. Until we do, America's productivity edge will erode further and the Gross National Product will underperform its long-range potential.

The primary high-technology markets in the nation are sorely stressed. Vacancies are high in Silicon Valley, around Route 128 near Boston, near Austin, Texas and on Long Island, New York. There are, however, locations like Minneapolis, Norfolk, Virginia, and Contra Costa County, California that offer solid opportunities for R&D real estate investment during the coming year.

Where is new industrial construction most likely to occur during 1990? Since the annual spending volume for industrial construction has been in the range of $12 to $13 billion over the past seven years, this is not an idle economic question. We have looked at this issue in two ways. First, we have taken the anticipated volume of industrial construction estimated by SIOR's reporters. Then we have also examined the relationship of local construction costs to achievable sales prices to evaluate the incentive local developers have to put projects into the ground.

The West Coast markets are likely to show the most robust construction volumes during 1990. Los Angeles, San Diego, Stockton and Seattle are the top-ranked metropolitan areas for additional industrial development. These expansionary markets are exceptions, though. Only twenty of the metropolitan areas included in SIOR's study can be considered prime candidates for new industrial development.

It is tempting to present the immense volume of market data compiled in the annual SIOR survey by the conventional subdivisions of census regions. A thoughtful review of the responses from the field, however, dictates that this temptation be resisted. There is just too much of a difference between the industrial market of Grand Rapids, and the State of Michigan average to permit us to disguise one by the other. Kansas City behaves differently from St. Louis, and Fresno is distinct from Stockton. The energy cities of Texas have seen cycles that the maquiladora markets have thankfully avoided.

The soundest advice is to look at markets individually. Selectivity is always the watchword for real estate. In the changing world of domestic and international economics, close attention to local advantage is going to be especially profitable.

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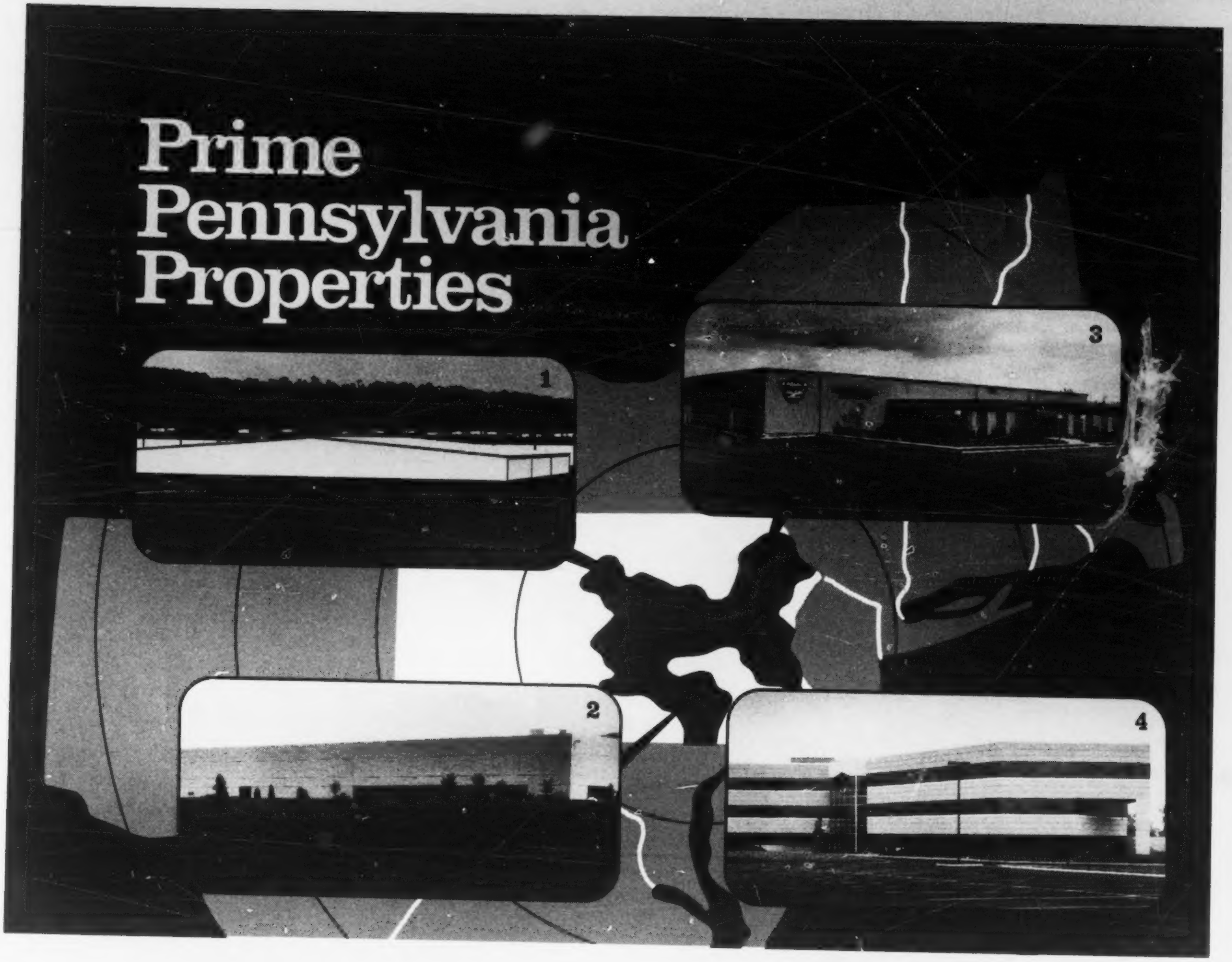

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National Office Property Market

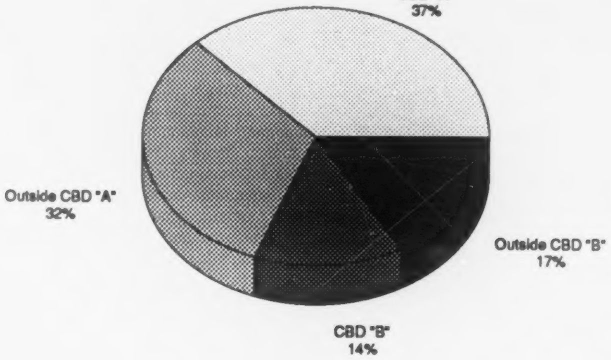
America's downtown skylines and suburban office parks epitomize our economy's gradual shift toward specialization in knowledge industries in the late twentieth century. Finance, law, communications and a broad array of services have attracted large numbers of new entrants to the labor force, a cohort which comes to the workplace well-educated and specifically trained in professional and technical skills.

To many around the world, America's office stock represents the real estate industry of the nation. While professionals in the field understand that this is an oversimplification, it remains a fact that, when an investor targets a "trophy property" for acquisition, the purchase will most frequently be an office building.

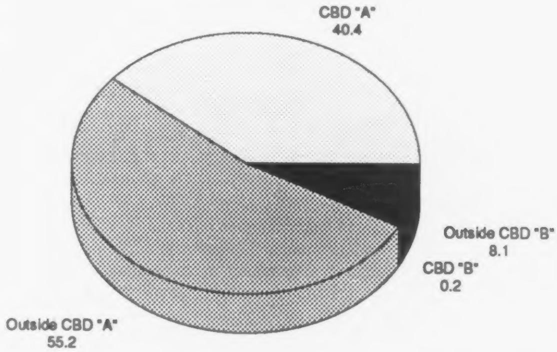
The nationwide office stock is enormous, and SIOR's survey captures a significant portion of it. Our *1990 Guide* examines 3.2 billion square feet of Class "A" and Class "B" space in 118 markets. While the number of foreign markets included this year has expanded, the vast majority of the office space discussed in this volume is domestic. Being resident in U.S. markets does not necessarily mean that we can casually categorize the stock as U.S. office property. After all, an increasing proportion of this real estate is owned by Canadian, Dutch, British, Japanese and other offshore investors.

On a nationwide basis, the inventory of existing office space is fairly evenly distributed between Central Business Districts (51.6 percent) and suburban markets (48.4 percent). More than two-thirds of the stock sampled in the survey is rated as Class "A," defined as properties with excellent locations, strong tenant rosters, high quality finish, well-maintained and professionally managed. Class "B" properties include the office stock which, while still desirable in location and in good physical and functional condition, are just a notch below the top tier in their local markets. Aging and deteriorating space is excluded from the study, as is the significant amount of owner-

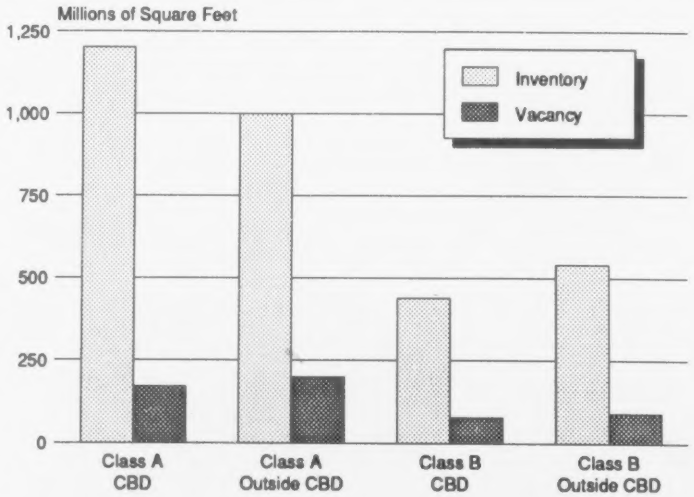
Office Inventory
(3.2 Billion Sq. Ft.)



Absorption
(Millions of Sq. Ft.)



Office Market Inventory



occupied space that can be found in most market areas.

Based upon the survey results, 73.2 percent of our downtown offices are considered Class "A" and 64.9 percent of the suburban stock is nominated as top-rank space. The accompanying pie chart on the previous page illustrates the distribution of the stock by class and broad locational category.

It is no secret that these have been troubled times for many office markets. Oversupplied conditions persist into 1990. The overall vacancy rate measured in the survey is a daunting 16.9 percent. Quality and central location show their advantage as downtowns post a lesser overall vacancy rate of 15.2 percent and Class "A" CBD properties are stronger still, with an availability rate of 14.1 percent.

Suburban markets are weaker, with 19 percent vacancy overall. With many suburban projects still in their initial leasing programs, Class "A" suburban space is actually a bit higher at 19.6 percent. The comparative conditions of these large aggregations of space can be visualized in the bar chart on the preceding page showing inventory and availabilities across the sample.

National and international statistics, however, can be more than a little misleading. Local conditions vary a great deal, and it is the local market that counts in real estate.

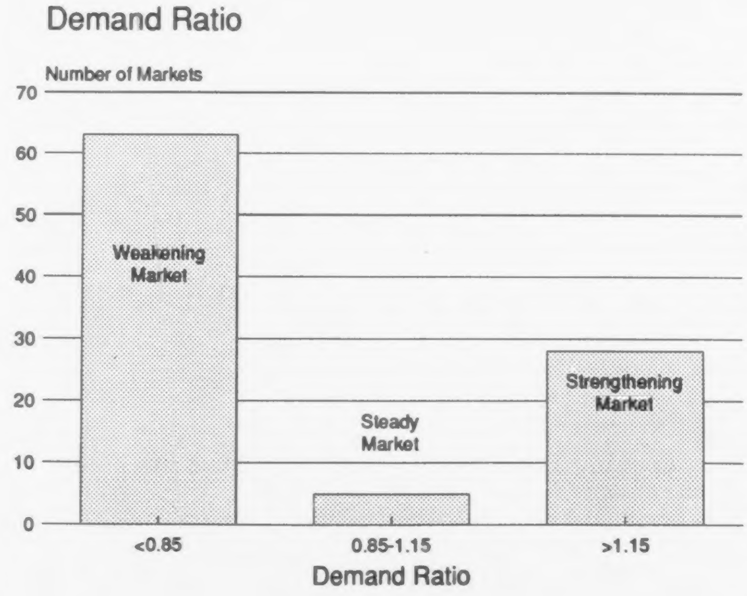
Eight market areas are reported to have attained occupancy rates above 90 percent as 1990 began. With the exception of West Los Angeles and Honolulu, these markets are in small cities whose office workforce primarily serves the local communities. The list of U.S. markets with the firmest supply demand conditions includes

Lansing, Michigan	3.3%
Honolulu, Hawaii	5.2%
Gary, Indiana	6.7%
Albany, New York	6.7%
Sioux City, Iowa	8.1%
Akron, Ohio	8.2%
Los Angeles-West, California	9.4%
Des Moines, Iowa	9.9%

These few markets are decidedly the exceptions, though. Vacancy rates for 109 of the markets included in the survey were calculated. When arrayed on a bar chart, by a few groupings of vacancy rates, it is apparent that an overwhelming number of markets around the country are still very seriously out of balance.

It might appear that such conditions would bring the development industry to a grinding halt, but no. Tallying the survey information from SIOR's market reporters, office construction activity around the nation is weighing in at 191 million square feet. Nearly 60 percent of this building activity is in the Central Business District, with downtown office construction at 113 million square feet.

The largest metropolitan areas are accounting for a major portion of the construction volume in 1990. Washington D.C., with 20 million square feet underway — a 9.3% expansion of its existing inventory — leads the list. Chicago, Boston, New York, Los Angeles, Atlanta, Detroit and Philadelphia are all in the top ten when ranked by building activity, as are the northern New Jersey suburban markets and Toronto, Canada. With most of these markets having double digit vacancy rates already, we can only marvel at



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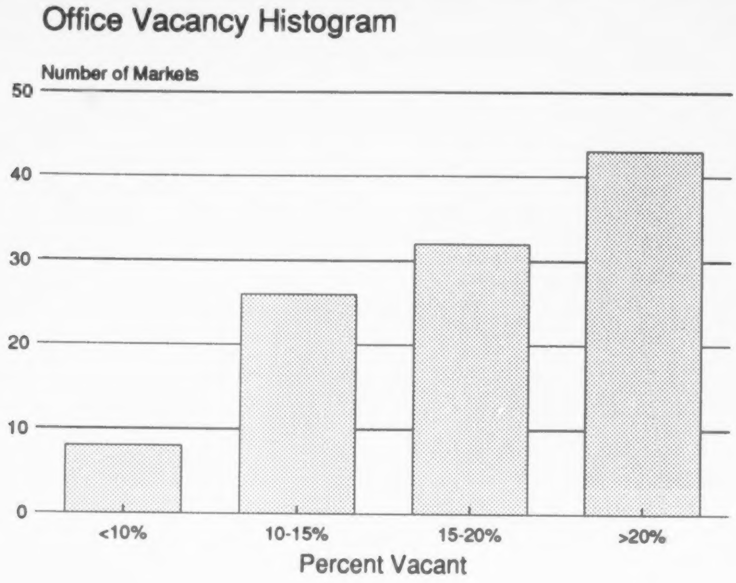

the optimism of the developers and the apparent faith of the lending community.

There are markets, of course, where the office building industry is completely idle. These include most cities in Texas and elsewhere in the Oil Patch. Denver and Tucson are also out of the development business for the time being, as are several Midwest cities including Dayton and Toledo, Ohio. Even Stamford, Connecticut, long a corporate boomtown, has stopped building as its local vacancy rate stands above 25 percent.

Despite widespread concerns of a national economic slowdown and a number of pessimistic forecasts of contraction in absorption, leasing activity has sustained itself at encouraging levels in many markets.

The national statistics place absorption, defined as the net change in occupied space, at 104 million square feet last year. Class "A" space won the lion's share of the new tenancy, with only eight percent of the total estimated absorption going into Class "B" facilities. Downtown Class "A" absorption for 1989 was 40,400,000 square feet. First class suburban properties captured 55,200,000 square feet of net new absorption, a majority of the total take-up of space.

With total absorption running only 55 percent of new construction volume, it is unlikely that we will see statistical improvements in the condition of the national office market in the coming year. Our analysis of local absorption patterns shows a high correlation between the major construction market and those with the strongest leasing volumes. Fourteen of the top twenty development markets are also among the twenty strongest markets for absorption.

The critical element in the outlook for the office markets, naturally, is whether absorption is keeping pace with the expansion of the office stock, and the degree to which either supply or demand is growing relatively more rapidly. This can be expressed as a demand ratio, dividing absorption by new construction. Take a ratio of 1.15 or greater as a positive indicator for demand in a market, a ratio between 0.85 and 1.15 as an indicator of a steady state, and a lower ratio as a harbinger of weakness.

Top Construction Markets (by rank)	Top Absorption Markets (by rank)
Washington, D.C.	Washington, D.C.
Toronto	Kansas City
Northern New Jersey	Northern New Jersey
Chicago	Toronto
Boston	San Diego
Los Angeles - Central	Dallas
New York City	Central New Jersey
Philadelphia	Houston
Detroit	Chicago
Atlanta	Atlanta
Cincinnati	Detroit
Los Angeles - West	Orange County, CA
Central New Jersey	Montreal
San Diego	Boston
Cleveland	Philadelphia
Phoenix	Seattle
Minneapolis/St. Paul	Phoenix

National Office Property Market

Such an analysis should give real estate observers further cause for concern in their outlook for office markets. Twenty-eight markets generated strong positive demand ratios by these standards. Only five were characterized by steady states, and sixty-three markets appear vulnerable to further weakening. A sample of some of our findings is presented in the table below.

Pension funds are tiring of sub-par yields from their office investments, and overseas investors have a wide variety of choices both here and abroad competing for their attention. A large number of the so-called "trophy properties" have already changed hands. The real estate community has not yet adapted to the equalization of capital gains and ordinary income rates in the Federal Tax Code. All of this means that 1990 will be a slower year for sales transactions in the national office sector.

Thus, it seems that the office markets around the country are not out of the woods yet. There will likely be further headlines of distressed situations during 1990 and persisting into 1991. Sufficient differences can be seen city-to-city and in market niches within each geographic area that tenants, builders and investors can each find advantages to exploit. All in all, though, another year of tough choices is in store for office markets nationwide.

Demand Ratios for Office Markets

Improving Markets		Steady State Markets		Weakening Markets	
Kansas City	4.33	Pittsburgh	1.07	Knoxville	0.67
Nashville	3.77	Sacramento	1.03	Phoenix	0.56
Reno	3.22	South Bend	1.03	Washington, D.C.	0.46
Houston	3.61	Jacksonville	0.95	Boston	0.34
Seattle	2.12	Baltimore	0.90	Charlotte	0.30
Columbus	1.90			New Haven	0.20
Norfolk	1.57				

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INDUSTRIAL MARKETS BY CITY

INTERNATIONAL MARKETS

Calgary, Alberta: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	-	52,888,874
Vacant	-	2,060,000
Vacancy Rates	-	3.9%
Under Construction	-	100,000
Net Absorption	-	1,500,000

Prime Source of Financing:
Insurance Companies, Commercial Banks

Mortgage Money Supply:
Moderate

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	43.06
5,000 to 19,999 sf	-	31.86
20,000 to 39,999 sf	-	30.14
40,000 to 59,999 sf	-	25.83
60,000 to 99,999 sf	-	25.83
More than 100,000 sf	-	23.25
High Tech/R&D	-	-

Construction Costs	
Less than 5,000 sf	51.67
5,000 to 19,999 sf	43.06
20,000 to 39,999 sf	30.14
40,000 to 59,999 sf	24.98
60,000 to 99,999 sf	23.25
More than 100,000 sf	20.67
High Tech/R&D	60.28

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	5.60
5,000 to 19,999 sf	-	4.31
20,000 to 39,999 sf	-	3.66
40,000 to 59,999 sf	-	3.01
60,000 to 99,999 sf	-	2.58
More than 100,000 sf	-	2.58
High Tech/R&D	-	7.32

Vacancy Indicators	
Less than 5,000 sf	Substantial Shortage
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Moderate Shortage
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Moderate Shortage
High Tech/R&D	Balanced Market

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	-	2.96
2 to 5 Acres	-	2.47
5 to 10 Acres	-	1.78
More than 10 Acres	-	1.51
Unimproved Sites		
Less than 10 Acres	-	0.95
10 to 100 Acres	-	0.29
More than 100 Acres	-	0.09

Composition of Absorption	
Warehouse/Distribution	75%
Manufacturing	20%
High Tech/R&D	5%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Up 20%
Manufacturing	Up 20%
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Up 25%
Manufacturing	Up 25%
High Tech/R&D	Same

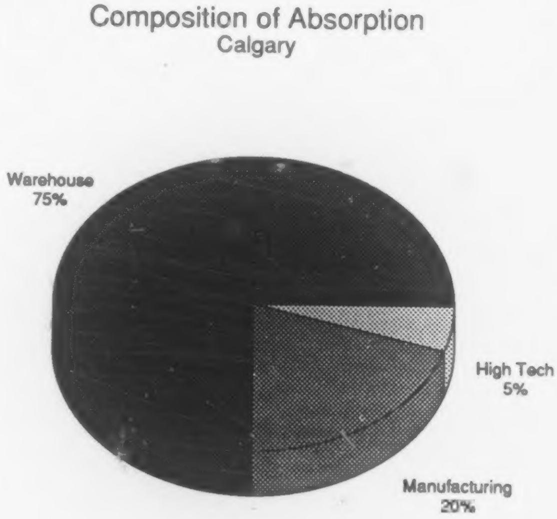
Note - Compared to a year ago

Demographics

		Rank
Population:	n/a	n/a
Population Growth Rate:	n/a	
Unemployment Rate:	n/a	
Median Household Income:	n/a	n/a
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Up 10%
Manufacturing	Up 10%
High Tech/R&D	Up 5%
Lease Prices	
Warehouse/Distribution	Up 10%
Manufacturing	Up 12%
High Tech/R&D	Same
Site Prices	Same
Absorption	
Warehouse/Distribution	Up 25%
Manufacturing	Up 25%
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Up 2%
Dollar Volume - Sales	Up 7%
Dollar Volume - Leases	Up 12%



1989 Review

Absorption of industrial space was up 12 percent in 1989, to 1.5 million sq. ft. Demand was bolstered both by the expansion of local firms and relocations into the Calgary area. Vacancies were sliced by half last year and now stand at a slim 3.9 percent. This has supported a measurable rise in rental rates and sales prices from a year ago. Warehousing and distribution was the strongest market segment, as the diversification away from the energy industry continued.

1990 Forecast

For the first time in eight years, speculative construction will be underway in Calgary during 1990. SIOR respondents expect absorption to approach 1.9 million sq. ft., virtually exhausting remaining excess inventory and increasing pressure on prices and rents. Investor interest comes mainly from eastern Canada, but there is some local expectation that Asian investors will discover this market before the year is out.

Montreal, Quebec: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	-	n/a
Vacant	-	n/a
Vacancy Rates	-	n/a
Under Construction	-	n/a
Net Absorption	-	n/a

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	52.00-73.19
5,000 to 19,999 sf	-	43.06-55.97
20,000 to 39,999 sf	-	34.44-43.06
40,000 to 59,999 sf	-	30.14-38.75
60,000 to 99,999 sf	-	28.42-38.75
More than 100,000 sf	-	27.56-38.75
High Tech/R&D	-	43.06-60.28

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	4.52-5.60
5,000 to 19,999 sf	-	4.09-4.52
20,000 to 39,999 sf	-	3.87-4.31
40,000 to 59,999 sf	-	3.87-4.31
60,000 to 99,999 sf	-	3.66-4.31
More than 100,000 sf	-	3.44-4.31
High Tech/R&D	-	7.32-11.19

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	-	5.17-12.92
2 to 5 Acres	-	5.17-10.33
5 to 10 Acres	-	3.01-8.61
More than 10 Acres	-	2.37-7.75
Unimproved Sites		
Less than 10 Acres	-	0.52-1.51
10 to 100 Acres	-	0.52-1.29
More than 100 Acres	-	0.52-1.29

Prime Source of Financing:
Insurance Companies, Mortgage Trust Companies

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	43.06-47.36
5,000 to 19,999 sf	34.44-43.06
20,000 to 39,999 sf	30.14-34.44
40,000 to 59,999 sf	29.28-32.72
60,000 to 99,999 sf	27.56-29.28
More than 100,000 sf	27.56
High Tech/R&D	43.06-55.97

Vacancy Indicators	
Less than 5,000 sf	Moderate Shortage
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Moderate Oversupply
More than 100,000 sf	Moderate Oversupply
High Tech/R&D	Moderate Shortage

Composition of Absorption	
Warehouse/Distribution	65%
Manufacturing	30%
High Tech/R&D	5%
Rate of Construction	
Warehouse/Distribution	Down 10%
Manufacturing	Down 10%
High Tech/R&D	Down 10%
Dollar Volume - Sales	
Warehouse/Distribution	Down 5%
Manufacturing	Down 5%
High Tech/R&D	Down 5%
Dollar Volume - Leases	
Warehouse/Distribution	Down 5%
Manufacturing	Down 5%
High Tech/R&D	Down 5%

Note - Compared to a year ago

Demographics

		Rank
Population:	n/a	n/a
Population Growth Rate:	n/a	
Unemployment Rate:	n/a	
Median Household Income:	n/a	n/a
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Down 5%
Manufacturing	Down 5%
High Tech/R&D	Down 5%
Lease Prices	
Warehouse/Distribution	Down 5%
Manufacturing	Down 5%
High Tech/R&D	Down 5%
Site Prices	Down 5%
Absorption	
Warehouse/Distribution	Down 5%
Manufacturing	Down 5%
High Tech/R&D	Down 5%
Construction	
Warehouse/Distribution	Down 5%
Manufacturing	Down 5%
High Tech/R&D	Down 5%
Dollar Volume - Sales	Down 5%
Dollar Volume - Leases	Down 5%

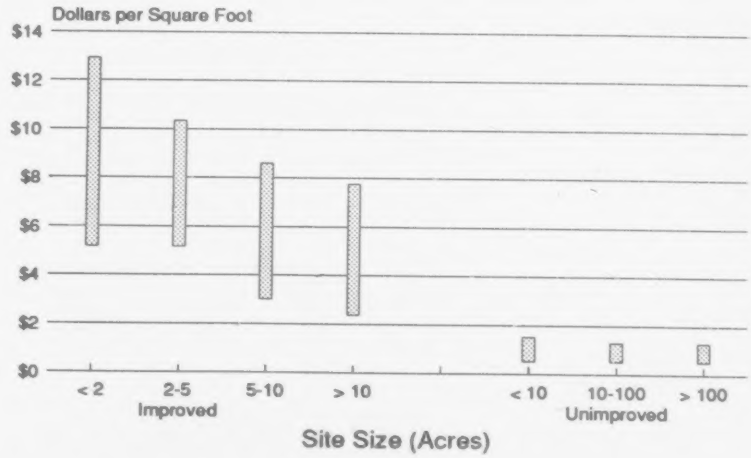
1989 Review

A slowdown in consumption has begun to affect the demand for warehousing space in the Montreal market. Warehousing and distribution accounted for 65 percent of Montreal's industrial absorption in 1989, and weakness in this key sector would be felt as a major impact on the market. Generally, the industrial market reached the end of the Eighties in reasonably good balance, with oversupply restricted to the largest unit categories only. The amount of new construction has been diminishing under the influence of higher Canadian interest rates. Resale prices for industrial facilities are very close to construction costs, and so builders were cautious about going into the ground last year.

1990 Forecast

Conservatism in finance and in development will be the hallmark for 1990. Market measures are anticipated to retreat five percent across the board in the year ahead. Montreal is on an island, and land scarcity is a factor. With prices for improved industrial land as high as $560,000 per acre, sharp pencils are brought to bear before new projects will get the go-ahead this year.

Site Prices
Montreal



Toronto, Ontario: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	310,000,000	315,000,000
Vacant	15,000,000	30,000,000
Vacancy Rates	4.8%	9.5%
Under Construction	5,000,000	26,000,000
Net Absorption	4,500,000	18,500,000

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Ample

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	86.11-111.94	78.00-111.94
5,000 to 19,999 sf	77.50-103.33	73.19-94.72
20,000 to 39,999 sf	60.28-86.11	51.67-68.89
40,000 to 59,999 sf	60.28-86.11	51.67-68.89
60,000 to 99,999 sf	51.67-68.89	43.06-60.28
More than 100,000 sf	51.67-68.89	34.44-51.67
High Tech/R&D	n/a	77.50-137.78

Construction Costs	
Less than 5,000 sf	43.06-55.97
5,000 to 19,999 sf	34.44-47.36
20,000 to 39,999 sf	34.44-47.36
40,000 to 59,999 sf	30.14-43.06
60,000 to 99,999 sf	30.14-43.06
More than 100,000 sf	25.83-34.44
High Tech/R&D	64.58-73.19

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	4.31-6.46	3.87-6.03
5,000 to 19,999 sf	4.31-6.46	3.87-6.03
20,000 to 39,999 sf	3.87-5.60	3.87-5.17
40,000 to 59,999 sf	3.87-5.60	3.66-5.38
60,000 to 99,999 sf	3.87-4.52	3.44-4.74
More than 100,000 sf	3.87-4.52	3.44-4.52
High Tech/R&D	n/a	7.75-10.33

Vacancy Indicators	
Less than 5,000 sf	Moderate Oversupply
5,000 to 19,999 sf	Moderate Oversupply
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Balanced Market
High Tech/R&D	Moderate Oversupply

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	12.92-19.81	8.61-24.11
2 to 5 Acres	10.33-17.22	7.75-17.22
5 to 10 Acres	n/a	7.75-12.06
More than 10 Acres	n/a	6.03-12.06
Unimproved Sites		
Less than 10 Acres	n/a	n/a
10 to 100 Acres	n/a	n/a
More than 100 Acres	n/a	n/a

Composition of Absorption	
Warehouse/Distribution	45%
Manufacturing	40%
High Tech/R&D	15%
Rate of Construction	
Warehouse/Distribution	Down 15%
Manufacturing	Down 15%
High Tech/R&D	Down 15%
Dollar Volume - Sales	
Warehouse/Distribution	Down 10%
Manufacturing	Down 10%
High Tech/R&D	Down 10%
Dollar Volume - Leases	
Warehouse/Distribution	Down 20%
Manufacturing	Down 20%
High Tech/R&D	Down 25%

Note - Compared to a year ago

Demographics

		Rank
Population:	n/a	n/a
Population Growth Rate:	n/a	
Unemployment Rate:	n/a	
Median Household Income:	n/a	n/a
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Down 5%
Manufacturing	Down 5%
High Tech/R&D	Down 10%
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Site Prices	Same
Absorption	
Warehouse/Distribution	Down 10%
Manufacturing	Down 10%
High Tech/R&D	Down 10%
Construction	
Warehouse/Distribution	Down 15%
Manufacturing	Down 15%
High Tech/R&D	Down 15%
Dollar Volume - Sales	Down 10%
Dollar Volume - Leases	Down 10%

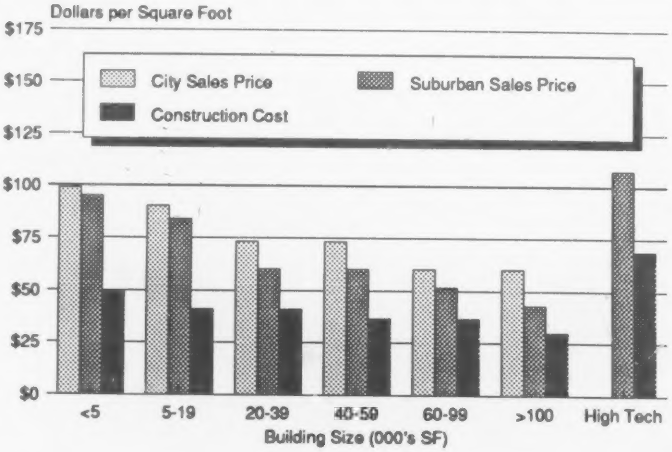
1989 Review

An extremely robust leasing year with 22 million sq. ft. of net absorption was a signal of the prosperous local economy in 1989. The availability of serviced land was limited last year, as large developers purchased tracts for future use. Smaller builders had a minimal supply for land for speculative development. Tenant resistance to rent increases was beginning to stiffen, and movement from the core city to the suburban periphery has been stimulated.

1990 Forecast

Vacancy is likely to trend upward from the current 7.2 percent, as 31 million sq. ft. of construction is planned. Rents are expected to be in a "holding pattern" in the 1989 range of (Canadian) $3.50 - $6.75 per sq. ft. Distibution and warehousing demand is likely to be strongest for buildings over 50,000 sq. ft., and the U.S./Canada Free Trade Agreement is generating user interest in the Highway 401 and Queen Elizabeth Way Niagara corridors. New highway connections and extensions are also opening development opportunities north and northwest of Toronto.

Sales Prices vs. Construction Costs
Toronto



Birmingham, England: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	n/a	n/a
Vacant	n/a	n/a
Vacancy Rates	n/a	n/a
Under Construction	n/a	n/a
Net Absorption	n/a	n/a

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	65.46	59.07
5,000 to 19,999 sf	65.46	59.07
20,000 to 39,999 sf	57.47	54.28
40,000 to 59,999 sf	57.47	54.28
60,000 to 99,999 sf	57.47	54.28
More than 100,000 sf	n/a	n/a
High Tech/R&D	n/a	n/a

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	7.18	6.79
5,000 to 19,999 sf	7.18	6.79
20,000 to 39,999 sf	6.39	5.99
40,000 to 59,999 sf	6.39	5.99
60,000 to 99,999 sf	6.39	5.99
More than 100,000 sf	n/a	n/a
High Tech/R&D	n/a	n/a

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	n/a	n/a
2 to 5 Acres	n/a	n/a
5 to 10 Acres	n/a	n/a
More than 10 Acres	n/a	n/a
Unimproved Sites		
Less than 10 Acres	n/a	n/a
10 to 100 Acres	n/a	n/a
More than 100 Acres	n/a	n/a

Demographics

		Rank
Population:	994,000	36
Population Growth Rate:	n/a	
Unemployment Rate:	8.00%	
Median Household Income:	n/a	n/a
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	n/a
Manufacturing	n/a
High Tech/R&D	n/a
Lease Prices	
Warehouse/Distribution	n/a
Manufacturing	n/a
High Tech/R&D	n/a
Site Prices	n/a
Absorption	
Warehouse/Distribution	n/a
Manufacturing	n/a
High Tech/R&D	n/a
Construction	
Warehouse/Distribution	n/a
Manufacturing	n/a
High Tech/R&D	n/a
Dollar Volume - Sales	n/a
Dollar Volume - Leases	n/a

Prime Source of Financing:
Commercial Banks, Pension Funds

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	57.28
5,000 to 19,999 sf	49.94
20,000 to 39,999 sf	36.72
40,000 to 59,999 sf	36.72
60,000 to 99,999 sf	36.72
More than 100,000 sf	36.72
High Tech/R&D	60.22

Vacancy Indicators	
Less than 5,000 sf	Moderate Shortage
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	
More than 100,000 sf	
High Tech/R&D	

Composition of Absorption	
Warehouse/Distribution	n/a
Manufacturing	n/a
High Tech/R&D	n/a
Rate of Construction	
Warehouse/Distribution	Up
Manufacturing	Up
High Tech/R&D	Up
Dollar Volume - Sales	
Warehouse/Distribution	Up
Manufacturing	Up
High Tech/R&D	Up
Dollar Volume - Leases	
Warehouse/Distribution	Up
Manufacturing	Up
High Tech/R&D	Up

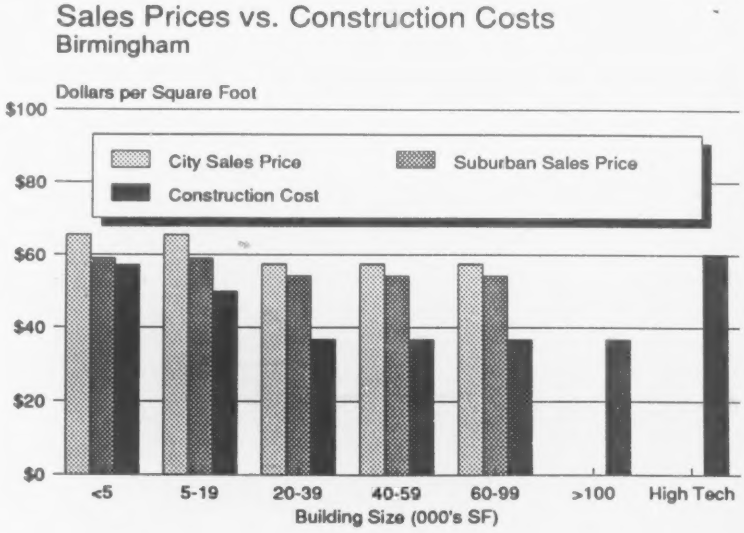
Note - Compared to a year ago

1989 Review

The demand for industrial space in Birmingham was very strong in 1989, with the warehouse sector especially active. Local expansion needs were supplemented by relocation from the southeast of England. Both small units (under 10,000 sq. ft.) and very large accomodations in excess of 100,000 sq. ft. saw the most active tenant interest. Rents have increased by 10 percent from a year ago, to the $2.50 - $2.80 per sq. ft. range for modern facilities, with older properties substantially less. High-tech space leased for $3.75 to $4.35 per sq. ft.. Despite the buoyancy of the market, there was a distinct lack of speculative development. Build-to-suit facilities were favored.

1990 Forecast

Birmingham is becoming increasingly accessible with several road improvements and motorway building schemes on-going. These will assist in underpinning and perhaps bolstering demand during 1990. Rental values will continue to grow, albeit at a slower rate. The firming of market fundamentals is expected to attract more institutional investment interest for large industrial developments in the near future.



Bristol, England: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	n/a	n/a
Vacant	n/a	n/a
Vacancy Rates	n/a	n/a
Under Construction	n/a	n/a
Net Absorption	n/a	n/a

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	127.72	114.95
5,000 to 19,999 sf	127.72	114.95
20,000 to 39,999 sf	119.74	100.58
40,000 to 59,999 sf	114.95	95.75
60,000 to 99,999 sf	105.37	86.21
More than 100,000 sf	n/a	n/a
High Tech/R&D	n/a	n/a

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	10.38	9.60
5,000 to 19,999 sf	10.38	9.60
20,000 to 39,999 sf	9.98	8.38
40,000 to 59,999 sf	9.58	7.98
60,000 to 99,999 sf	8.78	7.18
More than 100,000 sf	n/a	n/a
High Tech/R&D	n/a	n/a

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	n/a	n/a
2 to 5 Acres	n/a	n/a
5 to 10 Acres	n/a	n/a
More than 10 Acres	n/a	n/a
Unimproved Sites		
Less than 10 Acres	n/a	n/a
10 to 100 Acres	n/a	n/a
More than 100 Acres	n/a	n/a

Prime Source of Financing:
Commercial Banks, Pension Funds

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	61.64
5,000 to 19,999 sf	53.24
20,000 to 39,999 sf	39.51
40,000 to 59,999 sf	39.51
60,000 to 99,999 sf	39.51
More than 100,000 sf	39.51
High Tech/R&D	64.80

Vacancy Indicators	
Less than 5,000 sf	
5,000 to 19,999 sf	
20,000 to 39,999 sf	
40,000 to 59,999 sf	
60,000 to 99,999 sf	
More than 100,000 sf	
High Tech/R&D	

Composition of Absorption	
Warehouse/Distribution	n/a
Manufacturing	n/a
High Tech/R&D	n/a
Rate of Construction	
Warehouse/Distribution	Up
Manufacturing	Up
High Tech/R&D	Up
Dollar Volume - Sales	
Warehouse/Distribution	Up
Manufacturing	Up
High Tech/R&D	Up
Dollar Volume - Leases	
Warehouse/Distribution	Up
Manufacturing	Up
High Tech/R&D	Up

Note - Compared to a year ago

Demographics

		Rank
Population:	378,000	84
Population Growth Rate:	n/a	
Unemployment Rate:	5.00%	
Median Household Income:	n/a	n/a
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	n/a
Manufacturing	n/a
High Tech/R&D	n/a
Lease Prices	
Warehouse/Distribution	n/a
Manufacturing	n/a
High Tech/R&D	n/a
Site Prices	n/a
Absorption	
Warehouse/Distribution	n/a
Manufacturing	n/a
High Tech/R&D	n/a
Construction	
Warehouse/Distribution	n/a
Manufacturing	n/a
High Tech/R&D	n/a
Dollar Volume - Sales	n/a
Dollar Volume - Leases	n/a

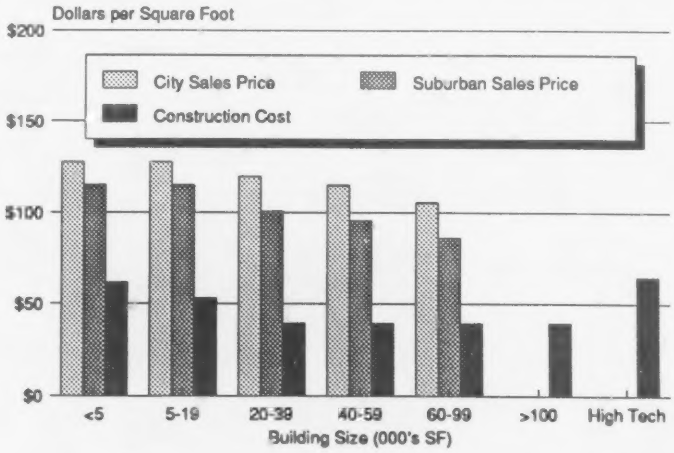
1989 Review

Central Bristol has seen industrial sales in excess of $50 per sq. ft. in the Avon Valley and in St. Annes. Rents in prime industrial space were approximately $4.00 per sq. ft. during 1989, with buildings closer to the motorway network commanding a premium for location. North of Bristol, rents were lower. Two large speculative warehouses leased last year for $2.80 per sq. ft.. High-technology space was significantly more expensive, with rents above $6.00 per sq. ft.. Land costs for industrial development ran about $125,000 per acre, the price acheived by a 325,000 sq. ft. parcel sold by the British Rail Property Board.

1990 Forecast

The lack of industrial development sites is constraining traditional industrial development in the Bristol area. Both local and national companies will need to adjust their site criteria in 1990 when seeking industrial premises. Available good quality buildings and development sites are likely to be in areas other than the historically preferred locations in central and north Bristol.

Sales Prices vs. Construction Costs
Bristol



Edinburgh, England: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	n/a	n/a
Vacant	n/a	n/a
Vacancy Rates	n/a	n/a
Under Construction	n/a	n/a
Net Absorption	n/a	n/a

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	35.12	47.89
5,000 to 19,999 sf	43.11	47.89
20,000 to 39,999 sf	43.11	47.89
40,000 to 59,999 sf	39.91	43.11
60,000 to 99,999 sf	n/a	n/a
More than 100,000 sf	n/a	n/a
High Tech/R&D	n/a	n/a

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	4.79	5.19
5,000 to 19,999 sf	4.79	5.19
20,000 to 39,999 sf	4.79	5.19
40,000 to 59,999 sf	4.39	4.79
60,000 to 99,999 sf	n/a	n/a
More than 100,000 sf	n/a	n/a
High Tech/R&D	n/a	n/a

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	n/a	n/a
2 to 5 Acres	n/a	n/a
5 to 10 Acres	n/a	n/a
More than 10 Acres	n/a	n/a
Unimproved Sites		
Less than 10 Acres	n/a	n/a
10 to 100 Acres	n/a	n/a
More than 100 Acres	n/a	n/a

Prime Source of Financing:
Commercial Banks, Pension Funds

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	57.91
5,000 to 19,999 sf	50.48
20,000 to 39,999 sf	37.12
40,000 to 59,999 sf	37.12
60,000 to 99,999 sf	37.12
More than 100,000 sf	37.12
High Tech/R&D	60.86

Vacancy Indicators	
Less than 5,000 sf	Moderate Shortage
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Moderate Shortage
40,000 to 59,999 sf	Moderate Shortage
60,000 to 99,999 sf	
More than 100,000 sf	
High Tech/R&D	

Composition of Absorption	
Warehouse/Distribution	n/a
Manufacturing	n/a
High Tech/R&D	n/a
Rate of Construction	
Warehouse/Distribution	Up 10-15%
Manufacturing	Up 10-15%
High Tech/R&D	Up
Dollar Volume - Sales	
Warehouse/Distribution	Up 5-10%
Manufacturing	Up 5-10%
High Tech/R&D	Up
Dollar Volume - Leases	
Warehouse/Distribution	Up 10-15%
Manufacturing	Up 10-15%
High Tech/R&D	Up

Note - Compared to a year ago

Demographics

		Rank
Population:	446,000	76
Population Growth Rate:	n/a	
Unemployment Rate:	6.80%	
Median Household Income:	n/a	n/a
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	n/a
Manufacturing	n/a
High Tech/R&D	n/a
Lease Prices	
Warehouse/Distribution	n/a
Manufacturing	n/a
High Tech/R&D	n/a
Site Prices	n/a
Absorption	
Warehouse/Distribution	n/a
Manufacturing	n/a
High Tech/R&D	n/a
Construction	
Warehouse/Distribution	n/a
Manufacturing	n/a
High Tech/R&D	n/a
Dollar Volume - Sales	n/a
Dollar Volume - Leases	n/a

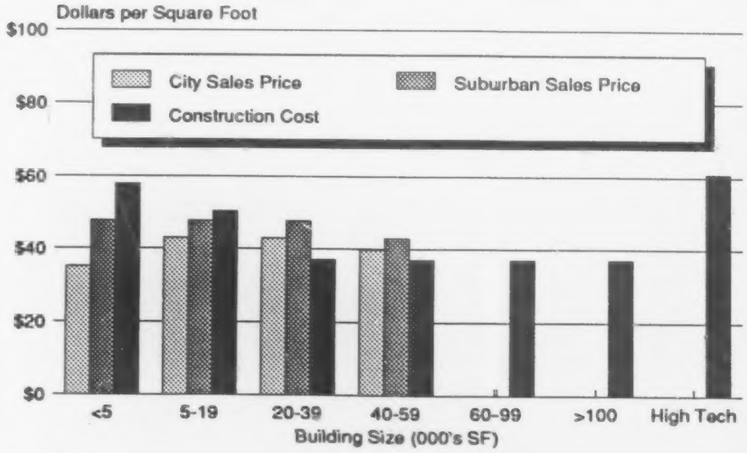
1989 Review

Edinburgh has never been a major industrial location in Scotland and has a low proportion of employment in the manufacturing sector. During the past year, however, there has been an upswing in demand for quality space and market conditions have tightened. Rents have accelerated as much as 25 percent, to about $2.00 per sq. ft. for standard space. High-technology space can be much more expensive to lease, at $5.25 to $6.50 per sq. ft. in areas such as South Gyle and "Silicon Glen." Unsurprisingly, high-tech space has been the category which experienced the most intense development activity during 1989. User demand has been strong, and the market is supply-short as a general rule.

1990 Forecast

Market conditions will become increasingly tight during 1990, according to SIOR's Edinburgh reporter. Development will accelerate west of the city, with the South Gyle area particularly active. Pressure from alternative land uses is pushing up the price of development sites near Edinburgh. In all, the outlook is for most market measures to strengthen this year.

Sales Prices vs. Construction Costs
Edinburgh



London, England: Industrial

Outer South London, Croydon, and Bromley

Market Data

Inventory (sf)	Central City	Suburban
Total	n/a	n/a
Vacant	n/a	n/a
Vacancy Rates	n/a	n/a
Under Construction	n/a	n/a
Net Absorption	n/a	n/a

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	n/a	143.69
5,000 to 19,999 sf	n/a	124.53
20,000 to 39,999 sf	n/a	124.53
40,000 to 59,999 sf	n/a	124.53
60,000 to 99,999 sf	n/a	n/a
More than 100,000 sf	n/a	124.53
High Tech/R&D	n/a	n/a

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	n/a	14.29
5,000 to 19,999 sf	n/a	13.57
20,000 to 39,999 sf	n/a	13.57
40,000 to 59,999 sf	n/a	13.57
60,000 to 99,999 sf	n/a	n/a
More than 100,000 sf	n/a	13.57
High Tech/R&D	n/a	n/a

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	45.00	40.00
2 to 5 Acres	35.00	32.00
5 to 10 Acres	30.00	27.00
More than 10 Acres	30.00	27.00
Unimproved Sites		
Less than 10 Acres	30.00-40.00	28.00-37.00
10 to 100 Acres	25.00	23.00
More than 100 Acres	29.00	20.00

Prime Source of Financing:
Commercial Banks, Pension Funds

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	75.35
5,000 to 19,999 sf	62.17
20,000 to 39,999 sf	56.52
40,000 to 59,999 sf	56.52
60,000 to 99,999 sf	56.52
More than 100,000 sf	56.52
High Tech/R&D	77.24

Vacancy Indicators	
Less than 5,000 sf	Moderate Shortage
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	
More than 100,000 sf	Substantial Shortage
High Tech/R&D	

Composition of Absorption	
Warehouse/Distribution	47%
Manufacturing	18%
High Tech/R&D	35%
Rate of Construction	
Warehouse/Distribution	Up
Manufacturing	Up
High Tech/R&D	Up
Dollar Volume - Sales	
Warehouse/Distribution	Up
Manufacturing	Up
High Tech/R&D	Up
Dollar Volume - Leases	
Warehouse/Distribution	Up
Manufacturing	Up
High Tech/R&D	Up

Note - Compared to a year ago

Demographics

		Rank
Population:	6,735,000	3
Population Growth Rate:	n/a	
Unemployment Rate:	5.30%	
Median Household Income:	n/a	n/a
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Up
Manufacturing	Up
High Tech/R&D	Up
Lease Prices	
Warehouse/Distribution	Up
Manufacturing	Up
High Tech/R&D	Up
Site Prices	Up
Absorption	
Warehouse/Distribution	Up
Manufacturing	Up
High Tech/R&D	Up
Construction	
Warehouse/Distribution	Up
Manufacturing	Up
High Tech/R&D	Up
Dollar Volume - Sales	Up
Dollar Volume - Leases	Up

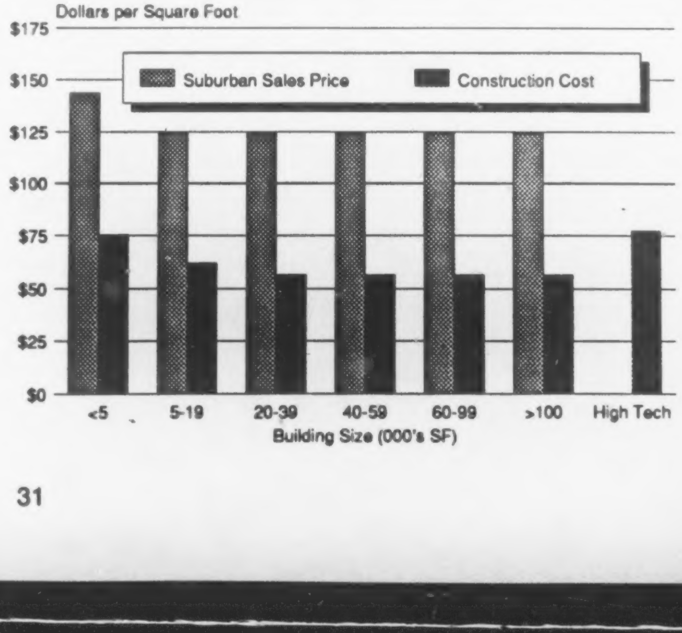
1989 Review

The Outer South London area (comprised of Croyden and Bromley) experienced a decline in manufacturing floor space in 1989. Warehousing has been supplanting production as a high value land use. Development interest began to strengthen during the year with the revival of the economy. and this has helped stabilize and even increase rental rates moderately. Bromley's Borough Council is restricting the location of industrial development through its strict planning policies. Little floor space was added to the stock in 1989, with building activity mainly extensions and remodeling. Total construction in the pipeline is about 500,000 sq. ft..

1990 Forecast

An anticipated slowdown in warehouse demand and softness in competing land uses such as offices will keep the pressure off the market this year. Some speculative development should be expected if the U.K. economy strengthens at the pace typical of the late Eighties. Increases in rents would certainly trigger a new round of building.

Sales Prices vs. Construction Costs
London



Mexico City, Mexico: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	120,000,000	800,000,000
Vacant	n/a	1,000,000
Vacancy Rates	n/a	0.1%
Under Construction	n/a	1,000,000
Net Absorption	n/a	1,000,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	n/a	40.00
5,000 to 19,999 sf	n/a	35.00
20,000 to 39,999 sf	n/a	35.00
40,000 to 59,999 sf	n/a	35.00
60,000 to 99,999 sf	n/a	32.00
More than 100,000 sf	n/a	-
High Tech/R&D	n/a	35.00

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	n/a	4.50
5,000 to 19,999 sf	n/a	4.00
20,000 to 39,999 sf	n/a	4.00
40,000 to 59,999 sf	n/a	4.00
60,000 to 99,999 sf	n/a	3.50
More than 100,000 sf	n/a	3.50
High Tech/R&D	n/a	4.50

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	n/a	5.00
2 to 5 Acres	n/a	4.50
5 to 10 Acres	n/a	n/a
More than 10 Acres	n/a	n/a
Unimproved Sites		
Less than 10 Acres	n/a	8.00
10 to 100 Acres	n/a	n/a
More than 100 Acres	n/a	n/a

Demographics

		Rank
Population:	n/a	n/a
Population Growth Rate:	n/a	
Unemployment Rate:	n/a	
Median Household Income:	n/a	n/a
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Up 25%
Manufacturing	Up 25%
High Tech/R&D	Up 25%
Lease Prices	
Warehouse/Distribution	Up 30%
Manufacturing	Up 30%
High Tech/R&D	Up 30%
Site Prices	Up 30%
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Up 30%
Manufacturing	Up 30%
High Tech/R&D	Up 30%
Dollar Volume - Sales	Same
Dollar Volume - Leases	Same

Prime Source of Financing:

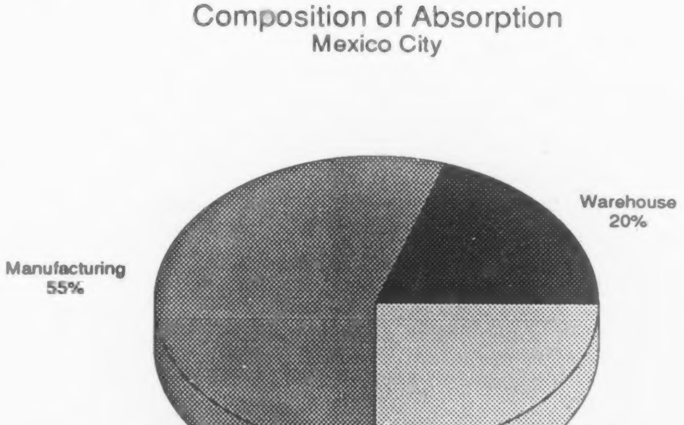
Mortgage Money Supply:
Not Available

Construction Costs	
Less than 5,000 sf	35.00
5,000 to 19,999 sf	35.00
20,000 to 39,999 sf	35.00
40,000 to 59,999 sf	30.00
60,000 to 99,999 sf	30.00
More than 100,000 sf	30.00
High Tech/R&D	35.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Shortage
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Balanced Market
High Tech/R&D	Balanced Market

Composition of Absorption	
Warehouse/Distribution	20%
Manufacturing	55%
High Tech/R&D	25%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same

Note - Compared to a year ago



1989 Review

Comparison of year-to-year statistical data provided by SIOR's local reporter suggests a modestly improving market. Rental rates and sales prices have each climbed a notch higher since 1988. Sheer size is the dominant feature of this market, as befits the world's top city ranked by population. Market activity showed a healthy diversification among research, production and research functions. At most building-size levels, the market was perceived to be in equilibrium.

1990 Forecast

The most striking statistic for this market is the minimal levels of construction in the forecast. Mexico's troubled fiscal condition makes bank or private institutional financing virtually unattainable. Hence the supply side is severely squeezed, prompting expectations of sharp upward moves in rental rates and sales prices in this area, which serves 35 percent of the Mexican people and accounts for nearly half of the Mexican GNP.

Oslo, Norway: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	n/a	n/a
Vacant	n/a	n/a
Vacancy Rates	n/a	n/a
Under Construction	n/a	n/a
Net Absorption	n/a	n/a

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	150.00	64.00
5,000 to 19,999 sf	150.00	64.00
20,000 to 39,999 sf	120.00	48.00
40,000 to 59,999 sf	120.00	48.00
60,000 to 99,999 sf	120.00	48.00
More than 100,000 sf	120.00	48.00
High Tech/R&D	170.00	72.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	15.00	8.00
5,000 to 19,999 sf	15.00	8.00
20,000 to 39,999 sf	12.00	6.00
40,000 to 59,999 sf	12.00	6.00
60,000 to 99,999 sf	12.00	6.00
More than 100,000 sf	12.00	6.00
High Tech/R&D	17.00	9.00

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	50.00	20.00
2 to 5 Acres	50.00	20.00
5 to 10 Acres	50.00	20.00
More than 10 Acres	50.00	20.00
Unimproved Sites		
Less than 10 Acres	40.00	17.00
10 to 100 Acres	n/a	17.00
More than 100 Acres	n/a	15.00

Prime Source of Financing:
Insurance Companies, Commercial Banks, Pension Funds
Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	100.00
5,000 to 19,999 sf	100.00
20,000 to 39,999 sf	100.00
40,000 to 59,999 sf	100.00
60,000 to 99,999 sf	100.00
More than 100,000 sf	100.00
High Tech/R&D	120.00

Vacancy Indicators	
Less than 5,000 sf	Substantial Oversupply
5,000 to 19,999 sf	Moderate Oversupply
20,000 to 39,999 sf	Moderate Oversupply
40,000 to 59,999 sf	Moderate Oversupply
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Balanced Market
High Tech/R&D	Moderate Oversupply

Composition of Absorption	
Warehouse/Distribution	n/a
Manufacturing	n/a
High Tech/R&D	n/a
Rate of Construction	
Warehouse/Distribution	Down 50%
Manufacturing	Down 50%
High Tech/R&D	Down 50%
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Down 10%
High Tech/R&D	Down 10%
Dollar Volume - Leases	
Warehouse/Distribution	Same
Manufacturing	Down 10%
High Tech/R&D	Down 10%

Note - Compared to a year ago

Demographics

		Rank
Population:	n/a	n/a
Population Growth Rate:	n/a	
Unemployment Rate:	n/a	
Median Household Income:	n/a	n/a
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Up 10%
Manufacturing	Up 10%
High Tech/R&D	Up 10%
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Site Prices	Same
Absorption	
Warehouse/Distribution	Up 10%
Manufacturing	Up 10%
High Tech/R&D	Up 10%
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Up 10%
Dollar Volume - Leases	Same

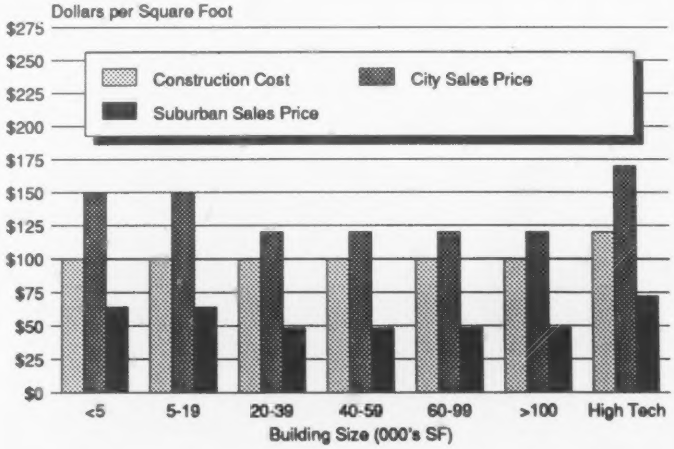
1989 Review

The Norwegian industrial economy found itself overextended in 1989, caught in the grip of a painful adjustment period that began in the middle of the decade. Norway rode the oil boom of the Seventies and early Eighties enthusiastically. Growth in the resource sector rippled through the entire economy, and was reinforced by an expansionary fiscal policy in Oslo. The energy downturn, therefore, hit especially hard. In 1989, most of Oslo's industrial market was oversupplied. Unemployment was officially 3.5 percent, high by the standards of a nation used to a 1.5 percent jobless rate. But a large number of additional workers - counted as employed - are enrolled in government retraining programs. The government has closed several unprofitable state-owned industries, further reducing demand for space.

1990 Forecast

Some improvement is anticipated, with SIOR's correspondent expecting gains in absorption and prices. The recent trend to lower inflation, about 4.5 percent this year, is helping stabilize the market. Full recovery of this market, though, is still more than a year away.

Construction Costs vs. Sales Prices
Oslo



Cape Town, South Africa: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	n/a	n/a
Vacant	-	1,000,000
Vacancy Rates	n/a	n/a
Under Construction	-	n/a
Net Absorption	-	1,000,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	39.00	24.64
5,000 to 19,999 sf	23.19	21.74
20,000 to 39,999 sf	5.80	n/a
40,000 to 59,999 sf	5.51	n/a
60,000 to 99,999 sf	5.22	n/a
More than 100,000 sf	4.64	n/a
High Tech/R&D	10.43	n/a

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	3.48	3.48
5,000 to 19,999 sf	2.78	2.78
20,000 to 39,999 sf	0.80	n/a
40,000 to 59,999 sf	0.70	n/a
60,000 to 99,999 sf	0.63	n/a
More than 100,000 sf	0.59	n/a
High Tech/R&D	1.39	n/a

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	4.35	2.32
2 to 5 Acres	3.48	1.59
5 to 10 Acres	n/a	1.30
More than 10 Acres	n/a	1.16
Unimproved Sites		
Less than 10 Acres	n/a	0.58
10 to 100 Acres	n/a	0.43
More than 100 Acres	n/a	n/a

Prime Source of Financing:
Insurance Companies, Commercial Banks

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	168.12
5,000 to 19,999 sf	159.42
20,000 to 39,999 sf	156.52
40,000 to 59,999 sf	156.52
60,000 to 99,999 sf	156.52
More than 100,000 sf	150.72
High Tech/R&D	231.88

Vacancy Indicators	
Less than 5,000 sf	Substantial Shortage
5,000 to 19,999 sf	Substantial Shortage
20,000 to 39,999 sf	Moderate Shortage
40,000 to 59,999 sf	Moderate Shortage
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Balanced Market
High Tech/R&D	

Composition of Absorption	
Warehouse/Distribution	50%
Manufacturing	50%
High Tech/R&D	0%
Rate of Construction	
Warehouse/Distribution	Up 25%
Manufacturing	Up 25%
High Tech/R&D	Up
Dollar Volume - Sales	
Warehouse/Distribution	Up 64%
Manufacturing	Up 64%
High Tech/R&D	Up
Dollar Volume - Leases	
Warehouse/Distribution	Up 70%
Manufacturing	Up 70%
High Tech/R&D	Up

Note - Compared to a year ago

1989 Review

The past year has registered an all-time high for industrial development, leasing and sales, according to SIOR's reporter. Demand has been especially brisk for small units (1,000 to 5,000 sq. ft.). There is a structure shift in the South African economy taking place which is favoring small businesses in all segments, and this is filtering through to the industrial property markets.

1990 Forecast

Strong development activity is forecast for industrial parks and mini-factories. If there is a drag on the economy, it is the extremely high interest rates - the prime lending rate is 21 percent. Overseas investors, especially West Germans, Swiss and British, have been taking advantage of a favorable exchange rate. Ten years ago, the South African rand and the U.S. dollar were on a par; currently one U.S.$ equals 3.45 S.A. rands.

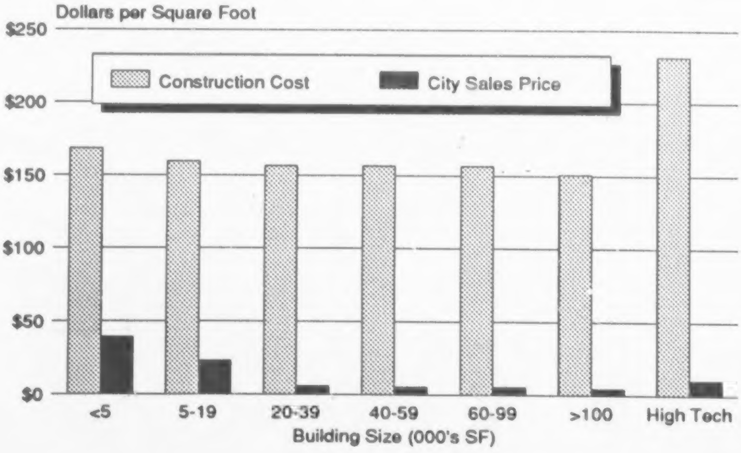
Demographics

		Rank
Population:	n/a	n/a
Population Growth Rate:	n/a	
Unemployment Rate:	n/a	
Median Household Income:	n/a	n/a
Cost of Living Index:	n/a	n/a

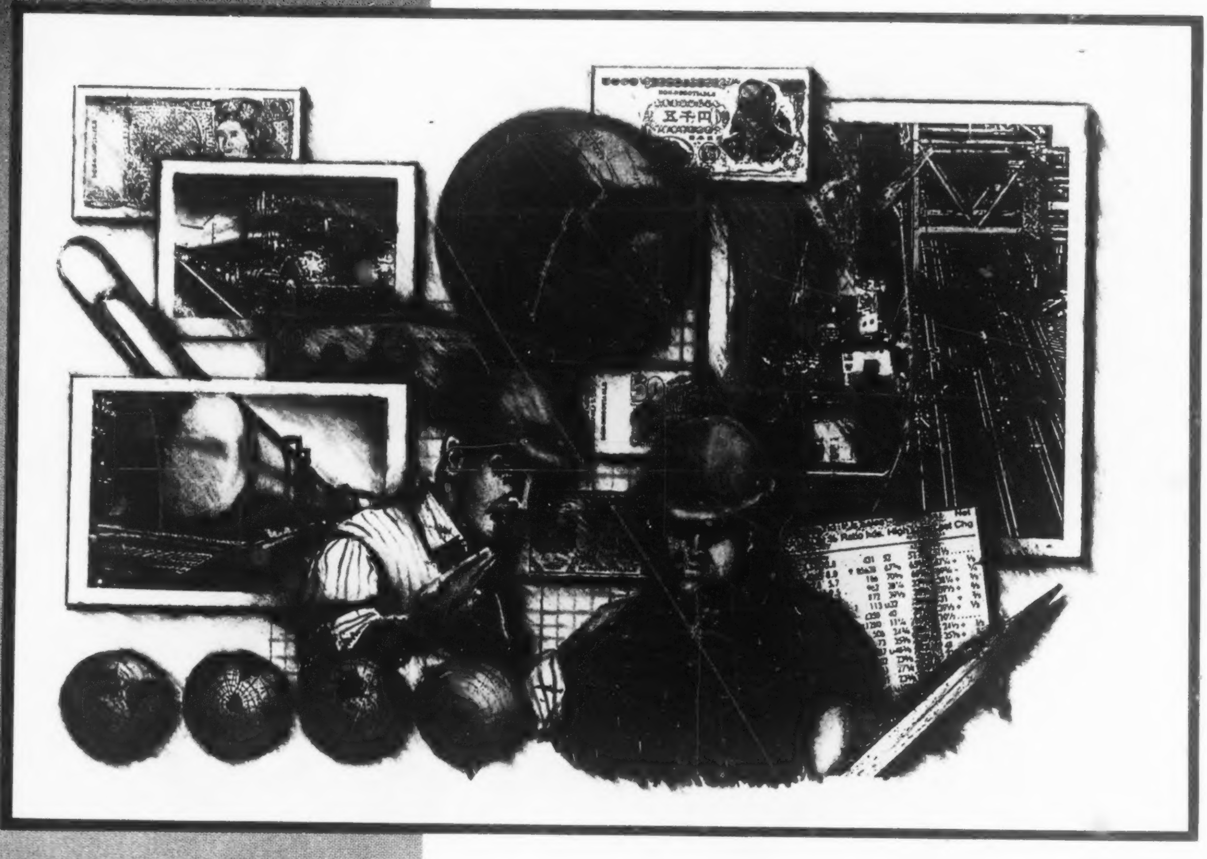
Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Site Prices	Up 20%
Absorption	
Warehouse/Distribution	Up 30%
Manufacturing	Up 30%
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Same
Dollar Volume - Leases	Same

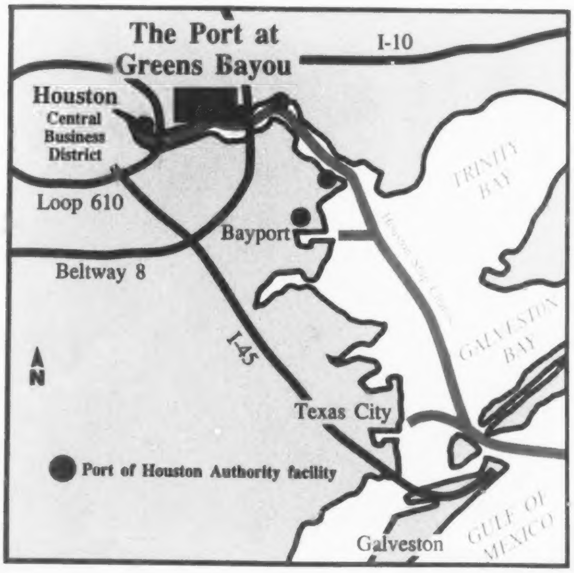
Construction Costs vs. Sales Prices
Cape Town



UNITED STATES



Houston's Entryway to Enhanced Profitability


The Port at Greens Bayou
I-10
Houston
Central Business District
Loop 610
Bayport
Beltway 8
TRINITY BAY
Houston Ship Channel
GALVESTON BAY
I-45
N
Texas City
● Port of Houston Authority facility
Galveston
GULF OF MEXICO

THE • PORT • AT

GREENS BAYOU

HOUSTON, TEXAS

World Class Marine Access, Yield-Productive Financial Commitment

As Houston and the Texas Gulf Coast continue to climb in importance to world commerce and industry, the need–to a shipping-oriented international business entity–for a well-situated and efficient marine terminal here becomes increasingly critical.

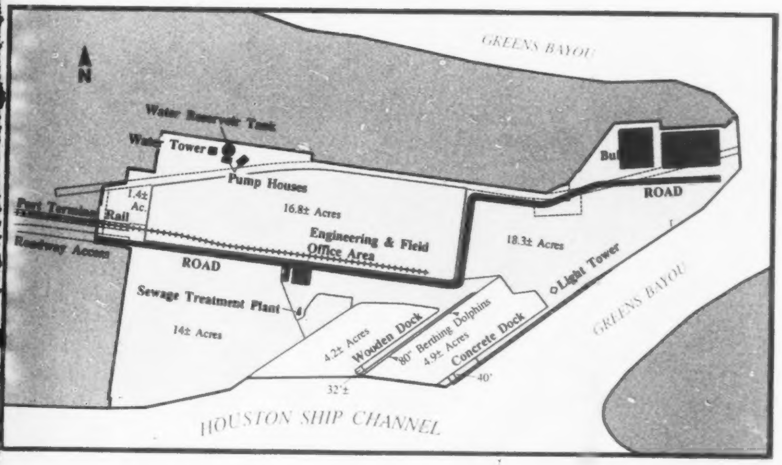
The Port at Greens Bayou offers such users not only the ideal combination of location and accessibility–but the opportunity to establish a highly effective terminal facility without the necessity of acquiring a large-acreage tract. The Port at Greens Bayou offers the ideal combination of:

Location

- On the Houston Ship Channel at its intersection with Greens Bayou. Close to the Port of Houston's Turning Basin, and directly across the Bayou from its Bulk Materials Handling Plant.
- Inside Houston's Beltway 8 and just outside the 610 Loop. Direct access to the Central Business District.

Accessibility

- Frontage on both the Houston Ship Channel and Greens Bayou. Ready access to the Gulf of Mexico via the Ship Channel and Galveston Bay. Barge entryway to the Intracoastal Canal a few hours away.
- Immediate, newly-installed rail access (with on-site switching) via the Port Terminal Railway system networking the Ship Channel area and connecting with carriers serving the entire U.S.


GREENS BAYOU
N
Water Reservoir Tank
Water Tower
Pump Houses
1.4± Ac.
16.8± Acres
Port Terminal Rail
Roadway Access
ROAD
Engineering & Field Office Area
Bu
ROAD
18.3± Acres
Light Tower
Sewage Treatment Plant
14± Acres
4.2± Acres
Wooden Dock
80' Berthing Dolphins
4.9± Acres
Concrete Dock
40'
32'±
GREENS BAYOU
HOUSTON SHIP CHANNEL

- Truck access via Industrial Road, linking with both Interstate 10 and State Highway 225. Minutes from both Beltway 8 and Loop 610.

Berthing Facilities

- Deepwater piers for ships, as well as shallow-draft barge berthing.

Utilities

- Ample water supply with new 108-inch pipeline, plus on-site storage facilities.
- Electrical power via newly-installed Houston Lighting and Power delivery lines, tailored to individual needs.
- Sanitary sewage treatment plant on-site.

Lease or Purchase

- Sites available for purchase or long-term lease.

Professional Management

- Project management by the highly experienced James H. Glanville Company ensures the effective development and operation of The Port at Greens Bayou.

The Port at Greens Bayou
A development of James H. Glanville, Trustee for THE PRIME GROUP/SHIP CHANNEL LTD.
Management, Leasing & Sales by James H. Glanville Company
7500 San Felipe, Suite 800 Houston, Texas 77063-1710
Phone 713/977-9900 FAX 713/977-3550

SIOR Individual Membership
SOCIETY OF INDUSTRIAL AND OFFICE REALTORS®

Akron, Ohio: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	25,000,000	22,000,000
Vacant	2,469,604	3,156,575
Vacancy Rates	9.9%	14.3%
Under Construction	100,000	700,000
Net Absorption	0	-455,295

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Ample

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	25.00-35.00	25.00-28.00
5,000 to 19,999 sf	20.00-30.00	20.00-30.00
20,000 to 39,999 sf	18.00-22.00	18.00-24.00
40,000 to 59,999 sf	n/a	15.00-20.00
60,000 to 99,999 sf	n/a	n/a
More than 100,000 sf	n/a	10.00-12.00
High Tech/R&D	n/a	n/a

Construction Costs	
Less than 5,000 sf	35.00-45.00
5,000 to 19,999 sf	32.00-45.00
20,000 to 39,999 sf	28.00-32.00
40,000 to 59,999 sf	25.00-28.00
60,000 to 99,999 sf	20.00-25.00
More than 100,000 sf	18.00-20.00
High Tech/R&D	45.00-75.00

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	3.50-4.50	4.00-5.50
5,000 to 19,999 sf	3.00-3.75	3.50-4.50
20,000 to 39,999 sf	2.75-3.50	2.50-4.00
40,000 to 59,999 sf	2.25-3.00	2.25-3.50
60,000 to 99,999 sf	n/a	2.00-3.00
More than 100,000 sf	n/a	2.00-3.00
High Tech/R&D	n/a	4.50-8.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Shortage
5,000 to 19,999 sf	Substantial Shortage
20,000 to 39,999 sf	Substantial Shortage
40,000 to 59,999 sf	Substantial Shortage
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Balanced Market
High Tech/R&D	Moderate Shortage

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	0.60-1.20	0.75-1.20
2 to 5 Acres	n/a	0.40-1.00
5 to 10 Acres	0.40-0.60	0.35-0.90
More than 10 Acres	0.35-0.50	0.30-0.50
Unimproved Sites		
Less than 10 Acres	n/a	0.20-0.80
10 to 100 Acres	n/a	0.15-0.25
More than 100 Acres	n/a	0.15-0.20

Composition of Absorption	
Warehouse/Distribution	45%
Manufacturing	50%
High Tech/R&D	5%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same

Note - Compared to a year ago

Demographics

		Rank
Population:	649,547	57
Population Growth Rate:	-0.18%	
Unemployment Rate:	4.60%	
Median Household Income:	$29,901	47
Cost of Living Index:	93.6	65

Outlook

Sales Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Up 5%
Lease Prices	
Warehouse/Distribution	Up 5-10%
Manufacturing	Up 5-10%
High Tech/R&D	Up 5-10%
Site Prices	Same
Absorption	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Up 5%
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Up 10%
Dollar Volume - Leases	Up 10%

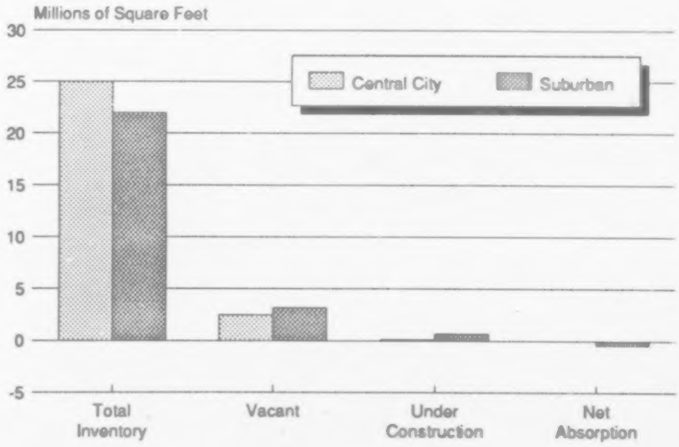
1989 Review

Negative statistics, especially the overall reduction in occupied space, give a somewhat misleading indication of the economic health of the Akron industrial market. There was a shortage of inventory in most size categories and rents have risen over the year. Unemployment was low, economic activity was strong despite the troubles of the tire industry, and industrial developers added nearly 800,000 sq. ft. of new space.

1990 Forecast

The market faces some uncertainty. Demand appears to be softening, with fewer tenant inquiries for most sizes of space. Most of the vacancy in the suburban market is the former Terex plant, which is about halfway through its adaptive re-use program. There is a new 305,000 sq. ft. aerospace facility under construction; Akron has won the Bridgestone/Firestone headquarters competition; SIOR's correspondents expect the industrial market to post five to ten percent improvements in most measures during 1990. Much depends, however, on the larger forces affecting the Great Lakes region.

Market Inventory
Akron



Albany, New York: Industrial

Albany, Schenectady, Troy, Colonie, Bethlehem, Guilderland, Clifton Park, Saratoga, Coxsackie, Glenville, Rotterdam, Glens Falls, and Halfmoon

Market Data

Inventory (sf)	Central City	Suburban
Total	7,100,000	18,136,000
Vacant	1,150,100	2,015,200
Vacancy Rates	16.2%	11.1%
Under Construction	0	75,000
Net Absorption	n/a	n/a

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Ample

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	24.00-30.00	28.00-40.00
5,000 to 19,999 sf	19.00-28.00	27.00-35.00
20,000 to 39,999 sf	18.00-27.00	19.00-33.00
40,000 to 59,999 sf	15.00-23.00	17.00-25.00
60,000 to 99,999 sf	14.00-22.00	16.00-23.00
More than 100,000 sf	n/a	12.00-22.00
High Tech/R&D	n/a	n/a

Construction Costs	
Less than 5,000 sf	31.00-37.00
5,000 to 19,999 sf	28.00-34.00
20,000 to 39,999 sf	19.00-33.00
40,000 to 59,999 sf	18.00-25.00
60,000 to 99,999 sf	16.00-23.00
More than 100,000 sf	13.00-21.00
High Tech/R&D	n/a

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	3.50-4.50	4.50-6.00
5,000 to 19,999 sf	3.00-3.75	4.25-5.50
20,000 to 39,999 sf	2.75-3.50	4.00-5.50
40,000 to 59,999 sf	2.75-3.50	3.50-4.75
60,000 to 99,999 sf	2.25-3.25	3.25-4.50
More than 100,000 sf	2.00-3.00	2.50-3.50
High Tech/R&D	n/a	6.00-8.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Shortage
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Moderate Oversupply
40,000 to 59,999 sf	Moderate Shortage
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Moderate Shortage
High Tech/R&D	Moderate Shortage

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	0.90-2.85	1.00-2.00
2 to 5 Acres	0.90-2.85	1.00-2.00
5 to 10 Acres	n/a	0.75-1.50
More than 10 Acres	n/a	0.75-1.25
Unimproved Sites		
Less than 10 Acres	n/a	0.50-1.20
10 to 100 Acres	n/a	0.40-1.00
More than 100 Acres	n/a	0.15-0.40

Composition of Absorption	
Warehouse/Distribution	85%
Manufacturing	10%
High Tech/R&D	5%
Rate of Construction	
Warehouse/Distribution	Up 10%
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Down 5-10%
Manufacturing	Down 5-10%
High Tech/R&D	Same

Note - Compared to a year ago

Demographics

		Rank
Population:	853,559	47
Population Growth Rate:	0.23%	
Unemployment Rate:	4.10%	
Median Household Income:	$31,789	32
Cost of Living Index:	107.9	13

Outlook

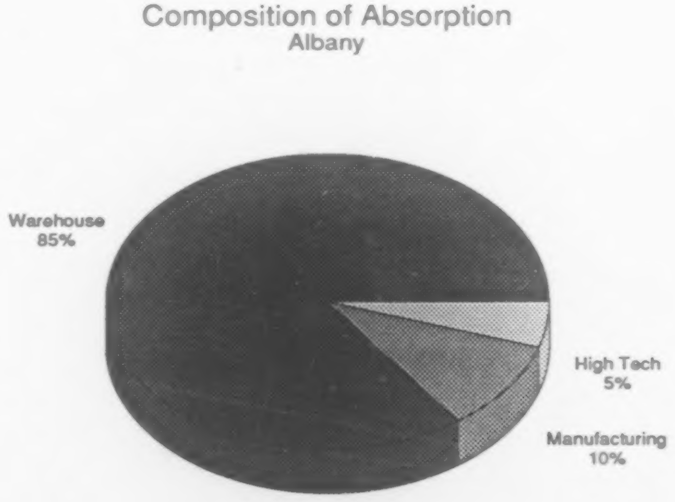
Sales Prices	
Warehouse/Distribution	Down 0-5%
Manufacturing	Down 0-5%
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Down 0-5%
Manufacturing	Down 0-5%
High Tech/R&D	Same
Site Prices	Same
Absorption	
Warehouse/Distribution	Down 0-5%
Manufacturing	Down 0-5%
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Down 0-5%
Dollar Volume - Leases	Down 5-10%

1989 Review

The movement of development to more rural areas, noted in the 1989 Guide, continued over the past twelve months as users and developers sought to minimize land costs, utilize available lower cost labor, and avoid no/slow growth jurisdictions. Sales of industrial buildings were fairly active in the past year, but leasing activity slowed down in the second half in response to the general regional difficulties of the Northeastern U.S.

1990 Forecast

Lower expectations for the coming year prevail in the minds of SIOR's local observers. The concentration of absorption in distribution facilities along the area's Interstates symbolizes its connection to the larger and increasingly troubled economies of New York and the New England region. That, plus the existing 12.6 percent overall vacancy rate, is expected to keep new industrial construction at minimal levels this year. Beyond that, a wait-and-see attitude seems most prudent for industrial builders, users and investors.



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Albuquerque, New Mexico: Industrial

Albuquerque and Rio Rancho

Market Data

Inventory (sf)	Central City	Suburban
Total	8,800,000	3,900,000
Vacant	n/a	n/a
Vacancy Rates	n/a	n/a
Under Construction	n/a	n/a
Net Absorption	n/a	n/a

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	40.00	40.00
5,000 to 19,999 sf	35.00	35.00
20,000 to 39,999 sf	30.00	30.00
40,000 to 59,999 sf	25.00	25.00
60,000 to 99,999 sf	25.00	25.00
More than 100,000 sf	25.00	25.00
High Tech/R&D	50.00-60.00	50.00-60.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	6.50	5.00
5,000 to 19,999 sf	5.50	4.50
20,000 to 39,999 sf	4.50	3.75
40,000 to 59,999 sf	4.25	3.50
60,000 to 99,999 sf	4.00	n/a
More than 100,000 sf	3.50	n/a
High Tech/R&D	10.00-11.00	10.00

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	3.00-4.00	1.50-2.00
2 to 5 Acres	2.50-3.50	1.00-1.75
5 to 10 Acres	2.00-3.00	0.75-1.50
More than 10 Acres	1.75-2.50	0.50-1.00
Unimproved Sites		
Less than 10 Acres	1.80	1.00
10 to 100 Acres	1.25	0.50
More than 100 Acres	1.00	0.35

Prime Source of Financing:
Owner Financing

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	37.50
5,000 to 19,999 sf	32.50
20,000 to 39,999 sf	32.50
40,000 to 59,999 sf	32.50
60,000 to 99,999 sf	27.50
More than 100,000 sf	27.50
High Tech/R&D	55.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Oversupply
5,000 to 19,999 sf	Moderate Oversupply
20,000 to 39,999 sf	Moderate Oversupply
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Balanced Market
High Tech/R&D	Balanced Market

Composition of Absorption	
Warehouse/Distribution	60%
Manufacturing	30%
High Tech/R&D	10%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Down 5%
Manufacturing	Down 5%
High Tech/R&D	Down 5%
Dollar Volume - Leases	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same

Note - Compared to a year ago

1989 Review

Albuquerque presents a picture of a market frozen in time. Most of the statistical indicators remain unchanged from a year ago. The total market inventory of 12.7 million sq. ft. has expanded a scant 200,000 sq. ft. since 1988, only a 1.6 percent increase. Sales prices, lease rates, construction costs and the vacancy situation were the same as reported a year ago in the Guide. SIOR's local leaders characterized demand as flat and soft.

1990 Forecast

Distress in the Southwestern U.S. real estate market has not spared Albuquerque. While not as severely affected as the neighboring states of Texas, Arizona and Colorado by the petroleum industry collapse and the ensuing financial industry crisis, this market is seeing little in the way of economic growth and little population inflow to stimulate much future demand. Additionally, the economy is vulnerable to federal spending cutbacks, with Kirkland Air Force Base the largest local employer and the Scandia National Laboratories a prime "Star Wars" research center. The local real estate community seems to be resigned to a lull in 1990.

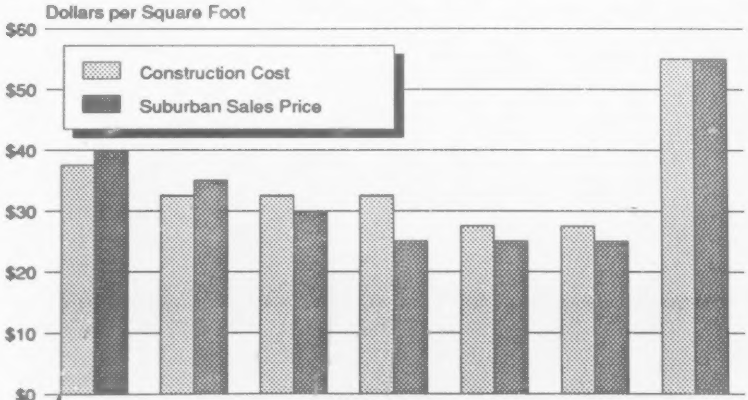
Demographics

		Rank
Population:	497,207	71
Population Growth Rate:	1.90%	
Unemployment Rate:	4.90%	
Median Household Income:	$27,189	72
Cost of Living Index:	101.5	30

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Site Prices	Same
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Same
Dollar Volume - Leases	Same

Construction Costs vs. Sales Prices
Albuquerque



Atlanta, Georgia: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	18,665,904	182,705,322
Vacant	3,325,322	22,479,091
Vacancy Rates	17.8%	12.3%
Under Construction	18,500	3,617,131
Net Absorption	405,139	7,220,858

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	30.00-35.00	40.00-45.00
5,000 to 19,999 sf	21.00-30.00	25.00-40.00
20,000 to 39,999 sf	19.00-22.50	22.00-26.00
40,000 to 59,999 sf	16.00-20.00	20.00-24.00
60,000 to 99,999 sf	15.00-17.00	19.00-23.00
More than 100,000 sf	14.00-16.50	18.50-22.00
High Tech/R&D	-	60.00-80.00

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	3.00-4.00	3.75-5.50
5,000 to 19,999 sf	2.50-3.50	3.00-4.50
20,000 to 39,999 sf	2.25-3.25	2.75-4.25
40,000 to 59,999 sf	2.00-2.60	2.50-3.50
60,000 to 99,999 sf	2.00-2.50	2.25-3.00
More than 100,000 sf	2.00-2.25	2.25-2.75
High Tech/R&D	8.50-10.00	6.00-9.00

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	-	2.50-3.25
2 to 5 Acres	-	2.25-2.75
5 to 10 Acres	-	1.75-2.50
More than 10 Acres	-	1.50-2.25
Unimproved Sites		
Less than 10 Acres	-	1.25-2.00
10 to 100 Acres	-	1.00-1.75
More than 100 Acres	-	0.75-1.25

Prime Source of Financing:
Insurance Companies, Pension Funds

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	-
5,000 to 19,999 sf	25.00
20,000 to 39,999 sf	18.00
40,000 to 59,999 sf	16.00
60,000 to 99,999 sf	14.50
More than 100,000 sf	13.00
High Tech/R&D	30.00

Vacancy Indicators	
Less than 5,000 sf	Balanced Market
5,000 to 19,999 sf	Moderate Oversupply
20,000 to 39,999 sf	Moderate Oversupply
40,000 to 59,999 sf	Moderate Oversupply
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Substantial Shortage
High Tech/R&D	Moderate Oversupply

Composition of Absorption	
Warehouse/Distribution	75%
Manufacturing	10%
High Tech/R&D	15%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Down 6-10%
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Down 1-5%
Dollar Volume - Leases	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Up 1-5%

Note - Compared to a year ago

1989 Review

Distribution and service industries are the mainstays of the Atlanta economy, and provide a broad base of support for warehouse facilities. Demand for leased space was moderate, but build-to-suit activity kept construction at 3.6 million sq. ft. even in the face of a 13 percent vacancy rate in the region. Rents were held fairly flat during 1989 as the market remained oversupplied in most size and use categories.

1990 Forecast

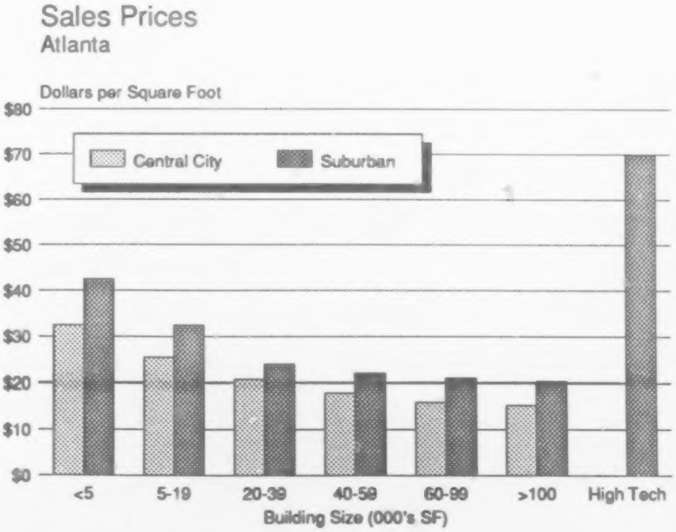
Some speculative warehouse space will be built, but brought along in smaller phases. Development activity for R&D facilities should be dormant, according to SIOR's reporters. Land prices and transportation factors are moving new development 25-30 miles from the CBD. In expectation of a slow-growth economy in 1990, developers and industrial users are approaching the year with a cautious outlook.

Demographics

		Rank
Population:	2,804,063	10
Population Growth Rate:	3.06%	
Unemployment Rate:	5.70%	
Median Household Income:	$36,018	9
Cost of Living Index:	107.1	16

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Up 1-5%
Site Prices	Same
Absorption	
Warehouse/Distribution	Down 1-5%
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Down 1-5%
Manufacturing	Same
High Tech/R&D	Down 1-5%
Dollar Volume - Sales	Up 1-5%
Dollar Volume - Leases	Down 1-5%



Austin, Texas: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	-	14,090,373
Vacant	-	2,488,412
Vacancy Rates	-	17.7%
Under Construction	-	283,000
Net Absorption	-	1,158,109

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	26.00
5,000 to 19,999 sf	-	25.00
20,000 to 39,999 sf	-	24.00
40,000 to 59,999 sf	-	23.00
60,000 to 99,999 sf	-	22.00
More than 100,000 sf	-	22.00
High Tech/R&D	-	50.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	3.00
5,000 to 19,999 sf	-	2.76
20,000 to 39,999 sf	-	2.52
40,000 to 59,999 sf	-	2.52
60,000 to 99,999 sf	-	2.52
More than 100,000 sf	-	2.52
High Tech/R&D	-	6.00

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	2.25	1.75
2 to 5 Acres	2.00	1.25
5 to 10 Acres	1.75	1.00
More than 10 Acres	1.50	0.75
Unimproved Sites		
Less than 10 Acres	1.00	0.75
10 to 100 Acres	0.85	0.60
More than 100 Acres	0.75	0.50

Prime Source of Financing:
Insurance Companies, Owner Financing

Mortgage Money Supply:
Tight

Construction Costs	
Less than 5,000 sf	28.00
5,000 to 19,999 sf	25.00
20,000 to 39,999 sf	23.00
40,000 to 59,999 sf	20.00
60,000 to 99,999 sf	19.00
More than 100,000 sf	17.00
High Tech/R&D	40.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Oversupply
5,000 to 19,999 sf	Moderate Oversupply
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Substantial Shortage
High Tech/R&D	Moderate Oversupply

Composition of Absorption	
Warehouse/Distribution	30%
Manufacturing	30%
High Tech/R&D	40%
Rate of Construction	
Warehouse/Distribution	Up 25%
Manufacturing	Up 30%
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Up 400%
Manufacturing	Up 100%
High Tech/R&D	Up 300%

Note - Compared to a year ago

Demographics

		Rank
Population:	775,216	51
Population Growth Rate:	4.17%	
Unemployment Rate:	5.10%	
Median Household Income:	$31,658	33
Cost of Living Index:	94.6	61

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Up 10%
Manufacturing	Up 10%
High Tech/R&D	Up 5%
Site Prices	Same
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Up 25%
Manufacturing	Up 25%
High Tech/R&D	Same
Dollar Volume - Sales	Same
Dollar Volume - Leases	Up 10%

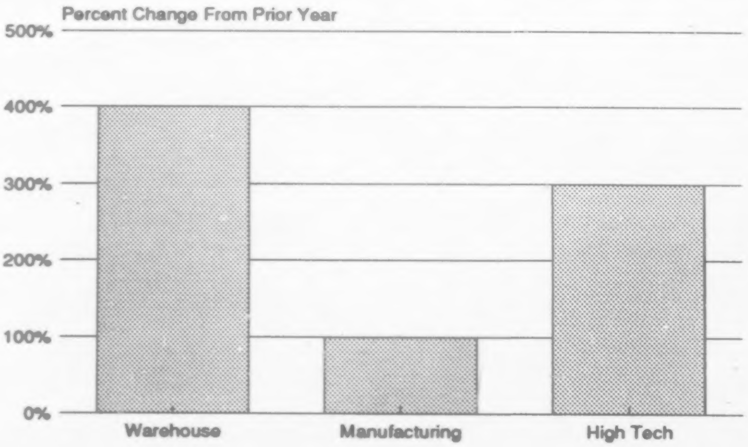
1989 Review

Austin's industrial market played a full role in the Texas turnaround story of 1989. With net absorption of nearly 1.2 million sq. ft. (8.2 percent of the total inventory), the metro area vacancy rate dropped from 23.8 percent to 17.7 percent over the year. At least 60 percent of the absorption was due to local expansion, with the rest "high-tech" suppliers and spin-offs. Total lease transaction volumes grew two to five times the activity of a year ago. Good news of growth from IBM and Motorola was tempered by the failure of the U.S. Memories semiconductor joint venture. Austin may have seen its bottom already in terms of industrial property prices and rents.

1990 Forecast

New construction is a modest two percent of total inventory, and with 1990 absorption expected to match 1989's excellent performance, vacancy rates should fall again. There is still sufficient slack, however, to keep rents and prices from accelerating sharply. Leasing activity should rise again, but at a less heady pace. Tight financing conditions will retard any temptation to trigger a renewed development boom.

Dollar Volume - Leases
Austin



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Baltimore, Maryland: Industrial

Baltimore Metropolitan Area including Columbia

Market Data

Inventory (sf)	Central City	Suburban
Total	19,700,000	61,000,000
Vacant	3,000,000	7,100,000
Vacancy Rates	15.2%	11.6%
Under Construction	1,300,000	6,400,000
Net Absorption	868,214	2,453,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	40.00-50.00	60.00-80.00
5,000 to 19,999 sf	35.00-50.00	40.00-70.00
20,000 to 39,999 sf	30.00-45.00	35.00-60.00
40,000 to 59,999 sf	25.00-35.00	35.00-50.00
60,000 to 99,999 sf	25.00-30.00	35.00-40.00
More than 100,000 sf	25.00-28.00	30.00-40.00
High Tech/R&D	n/a	65.00-85.00

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	4.00-5.00	4.95-8.00
5,000 to 19,999 sf	3.75-5.00	4.00-6.00
20,000 to 39,999 sf	3.65-4.50	4.00-5.00
40,000 to 59,999 sf	3.50-4.25	3.75-4.50
60,000 to 99,999 sf	3.25-3.75	3.50-4.25
More than 100,000 sf	3.25-3.50	3.50-4.25
High Tech/R&D	4.50-6.00	6.50-9.00

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	2.50-4.00	3.50-8.00
2 to 5 Acres	2.50-4.00	3.50-8.00
5 to 10 Acres	2.50-4.00	3.00-8.00
More than 10 Acres	n/a	1.00-8.00
Unimproved Sites		
Less than 10 Acres	2.00-3.00	1.00-3.00
10 to 100 Acres	1.50-2.50	1.00-3.00
More than 100 Acres	n/a	0.50-1.75

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	50.00
5,000 to 19,999 sf	45.00
20,000 to 39,999 sf	40.00
40,000 to 59,999 sf	25.00-38.00
60,000 to 99,999 sf	25.00-30.00
More than 100,000 sf	22.00-25.00
High Tech/R&D	60.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Shortage
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Moderate Oversupply
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Moderate Shortage
High Tech/R&D	Substantial Oversupply

Composition of Absorption	
Warehouse/Distribution	50%
Manufacturing	25%
High Tech/R&D	25%
Rate of Construction	
Warehouse/Distribution	Up 20%
Manufacturing	Same
High Tech/R&D	Down 15%
Dollar Volume - Sales	
Warehouse/Distribution	Up 30%
Manufacturing	Same
High Tech/R&D	Up 15%
Dollar Volume - Leases	
Warehouse/Distribution	Up 10%
Manufacturing	Same
High Tech/R&D	Up 10%

Note - Compared to a year ago

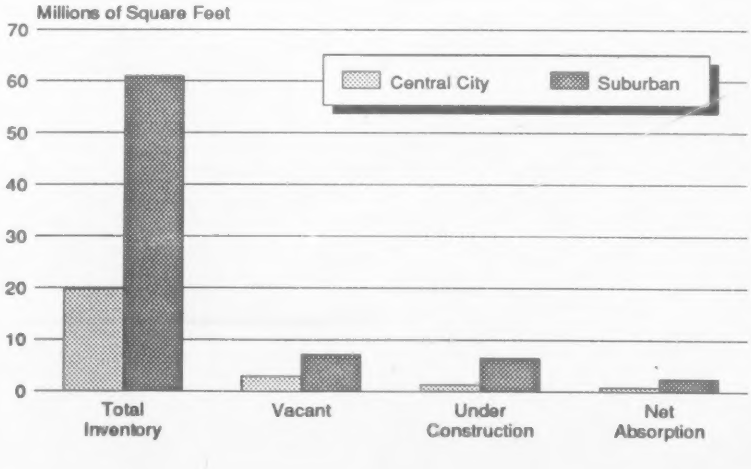
Demographics

		Rank
Population:	2,357,506	15
Population Growth Rate:	0.77%	
Unemployment Rate:	4.50%	
Median Household Income:	$35,426	11
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Up 5-10%
Manufacturing	Up 5-10%
High Tech/R&D	Up 10-15%
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Site Prices	Up 10%
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Down 5%
High Tech/R&D	Down 10%
Dollar Volume - Sales	Down 5%
Dollar Volume - Leases	Down 5%

Market Inventory
Baltimore



1989 Review

The past year has been a busy time, seeing 7.7 million sq. ft. of new industrial development and 3.3 million sq. ft. of net absorption. Vacancy has climbed somewhat in the central city, but is off about a half-percent in the suburbs, to 11.6 percent. Industrial gross rents climbed $0.50 per sq. ft. for most suburban space, with the exception of the R&D category, which remains overbuilt.

1990 Forecast

Baltimore, which saw less of the booming growth of the 80s than most East Coast cities, is not as vulnerable as others to the present economic correction. Still, the regional outlook is more guarded and SIOR's respondents believe that speculative development will level out and perhaps grow somewhat conservative. Prices for Baltimore industrial property, which have been something of a bargain given their location in the megalopolis, have now largely caught up to regional norms. Price gains in the coming year are estimated in the five to 15 percent range.

Birmingham, Alabama: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	15,500,000	61,000,000
Vacant	1,300,000	2,405,000
Vacancy Rates	8.4%	3.9%
Under Construction	62,000	760,560
Net Absorption	400,000	889,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	29.00	40.00
5,000 to 19,999 sf	22.00	28.00
20,000 to 39,999 sf	20.00	27.00
40,000 to 59,999 sf	18.00	22.00
60,000 to 99,999 sf	15.00	18.00
More than 100,000 sf	15.00	17.00
High Tech/R&D	50.00	55.00

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	4.20	6.00
5,000 to 19,999 sf	3.25	4.50
20,000 to 39,999 sf	3.00	3.25
40,000 to 59,999 sf	2.50	3.00
60,000 to 99,999 sf	2.25	2.90
More than 100,000 sf	2.00	2.90
High Tech/R&D	8.50	9.00

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	5.00	2.00
2 to 5 Acres	4.00	1.80
5 to 10 Acres	3.50	1.25
More than 10 Acres	2.00	1.25
Unimproved Sites		
Less than 10 Acres	2.00	1.00
10 to 100 Acres	n/a	0.50
More than 100 Acres	n/a	0.30

Demographics

		Rank
Population:	940,000	44
Population Growth Rate:	0.90%	
Unemployment Rate:	5.90%	
Median Household Income:	$24,614	85
Cost of Living Index:	98.5	43

Outlook

Sales Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Same
High Tech/R&D	Up 5%
Lease Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Same
High Tech/R&D	Up 5%
Site Prices	Up 5%
Absorption	
Warehouse/Distribution	Up 15%
Manufacturing	Up 10%
High Tech/R&D	Up 3%
Construction	
Warehouse/Distribution	Up 10%
Manufacturing	Same
High Tech/R&D	Up 10%
Dollar Volume - Sales	Same
Dollar Volume - Leases	Up 5%

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	32.00
5,000 to 19,999 sf	28.00
20,000 to 39,999 sf	21.00
40,000 to 59,999 sf	18.00
60,000 to 99,999 sf	17.00
More than 100,000 sf	15.00
High Tech/R&D	40.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Shortage
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Moderate Shortage
High Tech/R&D	Substantial Shortage

Composition of Absorption	
Warehouse/Distribution	65%
Manufacturing	25%
High Tech/R&D	10%
Rate of Construction	
Warehouse/Distribution	Up 10%
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same

Note - Compared to a year ago

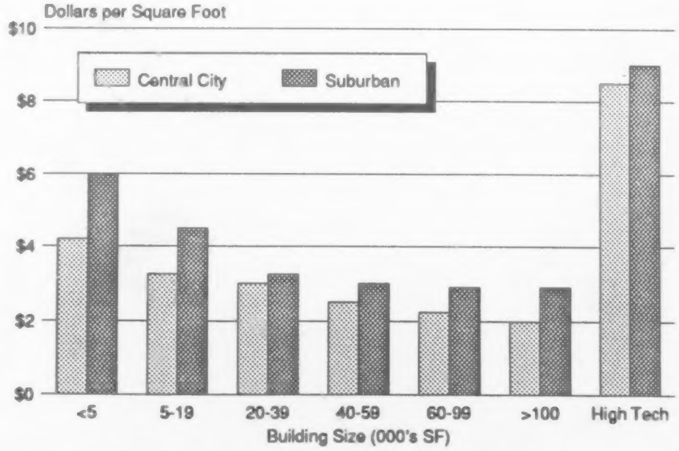
1989 Review

It is something of a mystery why the Birmingham industrial property market has not attracted national attention. Perhaps it stems from a local aversion to overstatement. With suburban gross lease rates up $0.40 to $0.90 per square foot during the year, SIOR's commentators describe the market as "Healthy. Steady growth; not spectacular but consistent." Birmingham's excellent Mid-South location and highway access support a robust warehouse/distribution economy, which enjoys a 65 percent share of all industrial absorption. Expansion of local businesses accounted for some 75 percent of sales and leasing activity.

1990 Forecast

New projects in the Oxmoor area, with good I-65 access, are available and are expected to lure some relocations from out-of-state. Some gains in sales prices and lease rates are anticipated, but these are generally in line with national inflation trends. At some point it should be expected that the happy little secret of Birmingham will start to percolate through the corporate and real estate communities.

Gross Lease Prices
Birmingham



Boston, Massachusetts: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	15,900,000	67,000,000
Vacant	3,540,000	15,800,000
Vacancy Rates	22.3%	23.6%
Under Construction	200,000	1,500,000
Net Absorption	600,000	3,000,000

Prime Source of Financing:
Insurance Companies, Pension Funds, Owner Financing
Mortgage Money Supply:
Tight

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	n/a	80.00
5,000 to 19,999 sf	n/a	70.00-75.00
20,000 to 39,999 sf	60.00-80.00	65.00-70.00
40,000 to 59,999 sf	50.00-70.00	50.00-65.00
60,000 to 99,999 sf	45.00-68.00	45.00-60.00
More than 100,000 sf	45.00-63.00	45.00-53.00
High Tech/R&D	n/a	70.00-110.00

Construction Costs	
Less than 5,000 sf	45.00
5,000 to 19,999 sf	40.00
20,000 to 39,999 sf	35.00
40,000 to 59,999 sf	30.00
60,000 to 99,999 sf	25.00
More than 100,000 sf	22.00
High Tech/R&D	55.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	5.00-6.00	5.00-6.00
5,000 to 19,999 sf	5.00-6.00	5.00-6.00
20,000 to 39,999 sf	4.50-5.50	4.50-5.50
40,000 to 59,999 sf	4.75-5.25	4.75-5.25
60,000 to 99,999 sf	4.75-5.25	4.75-5.25
More than 100,000 sf	4.25-5.25	4.75-5.25
High Tech/R&D	-	-

Vacancy Indicators	
Less than 5,000 sf	Substantial Shortage
5,000 to 19,999 sf	Substantial Shortage
20,000 to 39,999 sf	Moderate Shortage
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Balanced Market
High Tech/R&D	Substantial Oversupply

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	n/a	10.00
2 to 5 Acres	n/a	8.00
5 to 10 Acres	n/a	4.00
More than 10 Acres	n/a	3.00
Unimproved Sites		
Less than 10 Acres	n/a	n/a
10 to 100 Acres	n/a	2.00
More than 100 Acres	n/a	1.50

Composition of Absorption	
Warehouse/Distribution	60%
Manufacturing	30%
High Tech/R&D	10%
Rate of Construction	
Warehouse/Distribution	Down 60%
Manufacturing	Down 70%
High Tech/R&D	Down 90%
Dollar Volume - Sales	
Warehouse/Distribution	Up 20%
Manufacturing	Up 20%
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Down 30%

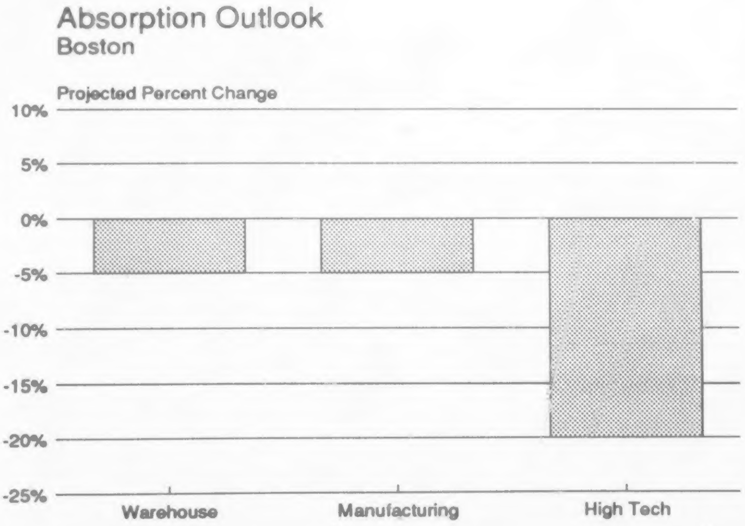
Note - Compared to a year ago

Demographics

		Rank
Population:	2,861,284	9
Population Growth Rate:	0.22%	
Unemployment Rate:	3.80%	
Median Household Income:	$39,054	6
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Down 10%
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Down 10%
Site Prices	Same
Absorption	
Warehouse/Distribution	Down 5%
Manufacturing	Down 5%
High Tech/R&D	Down 20%
Construction	
Warehouse/Distribution	Down 30%
Manufacturing	Down 30%
High Tech/R&D	Down 70%
Dollar Volume - Sales	Down 10%
Dollar Volume - Leases	Down 10%



1989 Review

Deterioration in the New England economy has slowed demand in the Boston industrial market. R&D facilities have been the hardest hit, and a five-year inventory of vacant high-tech properties is reported. Warehouse and assembly buildings fared better, with all size categories judged to be in supply/demand balance or even in short supply. Rents held flat from 1988 levels. SIOR reporters termed the market "sluggish."

1990 Forecast

Selective acquisitions by investor groups have been the primary positive news in the Boston industrial market. Sales transaction volumes were up 20 percent in 1989 for warehouses and assembly properties, and this year's transaction level is expected to be equally high. Construction will be pulling back sharply as developers adjust to the slowed economy and lenders - wrestling with their own problem portfolios - grow cautious. It will be a couple of years before the excesses are wrung out in the New England economy and the current 20+ percent vacancy rates fall to a level justifying new construction.

Bridgeport/Stratford, Connecticut: Industrial

Bridgeport, Stratford, Monroe, Fairfield, and Trumbull

Market Data

Inventory (sf)	Central City	Suburban
Total	20,000,000	5,500,000
Vacant	3,129,000	825,000
Vacancy Rates	15.6%	15.0%
Under Construction	20,000	150,000
Net Absorption	30,000	50,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	74.00	n/a
5,000 to 19,999 sf	65.00	80.00
20,000 to 39,999 sf	40.00	60.00
40,000 to 59,999 sf	40.00	55.00
60,000 to 99,999 sf	n/a	55.00
More than 100,000 sf	n/a	n/a
High Tech/R&D	n/a	75.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	5.50	6.00
5,000 to 19,999 sf	5.50	6.50
20,000 to 39,999 sf	5.75	6.75
40,000 to 59,999 sf	5.25	6.75
60,000 to 99,999 sf	5.00	7.00
More than 100,000 sf	5.00	6.00
High Tech/R&D	10.00	12.00

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	8.00	n/a
2 to 5 Acres	8.00	7.00
5 to 10 Acres	n/a	7.00
More than 10 Acres	n/a	6.50
Unimproved Sites		
Less than 10 Acres	n/a	n/a
10 to 100 Acres	n/a	n/a
More than 100 Acres	n/a	n/a

Demographics

		Rank
Population:	n/a	n/a
Population Growth Rate:	n/a	
Unemployment Rate:	4.40%	
Median Household Income:	n/a	n/a
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Site Prices	Up 5%
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Up 5%
Dollar Volume - Leases	Up 5%

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Tight

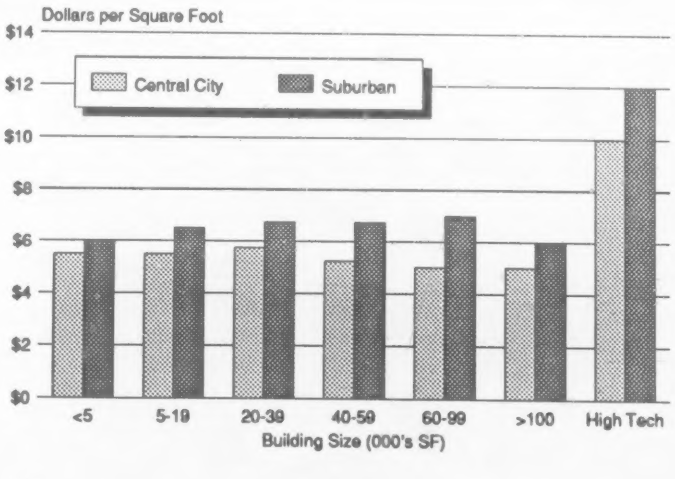
Construction Costs	
Less than 5,000 sf	60.00
5,000 to 19,999 sf	50.00
20,000 to 39,999 sf	45.00
40,000 to 59,999 sf	45.00
60,000 to 99,999 sf	40.00
More than 100,000 sf	40.00
High Tech/R&D	100.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Oversupply
5,000 to 19,999 sf	Moderate Oversupply
20,000 to 39,999 sf	Substantial Oversupply
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Balanced Market
High Tech/R&D	Balanced Market

Composition of Absorption	
Warehouse/Distribution	60%
Manufacturing	30%
High Tech/R&D	10%
Rate of Construction	
Warehouse/Distribution	Down 10%
Manufacturing	Down 10%
High Tech/R&D	Down 15%
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Down 10%
Dollar Volume - Leases	
Warehouse/Distribution	Down 5%
Manufacturing	Down 10%
High Tech/R&D	Down 10%

Note - Compared to a year ago

Net Lease Prices
Bridgeport/Stratford



1989 Review

Bridgeport industrials were stressed in 1989 in a continuation of their disappointing performance the previous year. User demand was down, rents stagnant and selling prices softer. With vacancy at nearly twice the national average for industrial properties, weakness was especially pronounced in units of less than 40,000 sq. ft. In larger facilities, more balanced supply/demand conditions prevailed. Manufacturing and high tech were weaker last year, in a story common to many New England markets. Warehouse/distribution facilities therefore gained in their share of the composition of absorption.

1990 Forecast

Defense contracting cuts and a slow high-tech industry will reduce demand further in 1990. Basically, market measures for the coming year will be stagnant in this area. The comparative softness in rental rates and sales prices is heightening interest from users with long-term needs for a presence in this market. Transaction volumes could therefore show some improvement during the coming year.

Buffalo, New York: Industrial

Aurora, Buffalo, Tonawanda, Amherst, Cheektowaga, Orchard Park, Lackawanna, Clarence, Hamburg, and West Seneca

Market Data

Inventory (sf)	Central City	Suburban
Total	27,800,000	70,000,000
Vacant	2,855,000	3,500,000
Vacancy Rates	10.3%	5.0%
Under Construction	125,000	593,000
Net Absorption	300,000	500,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	25.00-30.00	35.00-50.00
5,000 to 19,999 sf	18.00-25.00	25.00-30.00
20,000 to 39,999 sf	15.00-18.00	20.00-30.00
40,000 to 59,999 sf	12.00-15.00	20.00-30.00
60,000 to 99,999 sf	10.00-12.00	12.00-18.00
More than 100,000 sf	6.00-9.00	10.00-15.00
High Tech/R&D	45.00-50.00	50.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	2.50-3.00	4.75-5.25
5,000 to 19,999 sf	2.00-3.00	4.00-4.60
20,000 to 39,999 sf	2.00-2.50	3.75-4.25
40,000 to 59,999 sf	2.00-2.50	3.75-4.25
60,000 to 99,999 sf	1.50-2.00	3.50-4.00
More than 100,000 sf	1.25-1.75	2.50-2.75
High Tech/R&D	13.00-15.00	17.00-19.00

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	0.50-0.70	0.75-1.00
2 to 5 Acres	0.50-0.70	0.70-1.00
5 to 10 Acres	0.40-0.50	0.60-0.75
More than 10 Acres	0.30-0.40	0.50-0.60
Unimproved Sites		
Less than 10 Acres	0.25	0.15-0.25
10 to 100 Acres	n/a	0.10-0.15
More than 100 Acres	n/a	0.07-0.12

Prime Source of Financing:
Commercial Banks, Pension Funds, Owner Financing

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	30.00-50.00
5,000 to 19,999 sf	35.00-45.00
20,000 to 39,999 sf	30.00-45.00
40,000 to 59,999 sf	26.00-30.00
60,000 to 99,999 sf	25.00-30.00
More than 100,000 sf	24.00-28.00
High Tech/R&D	55.00-60.00

Vacancy Indicators	
Less than 5,000 sf	Balanced Market
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Balanced Market
High Tech/R&D	Balanced Market

Composition of Absorption	
Warehouse/Distribution	60%
Manufacturing	30%
High Tech/R&D	10%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Up 10-15%
Manufacturing	Up 10-15%
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Same

Note - Compared to a year ago

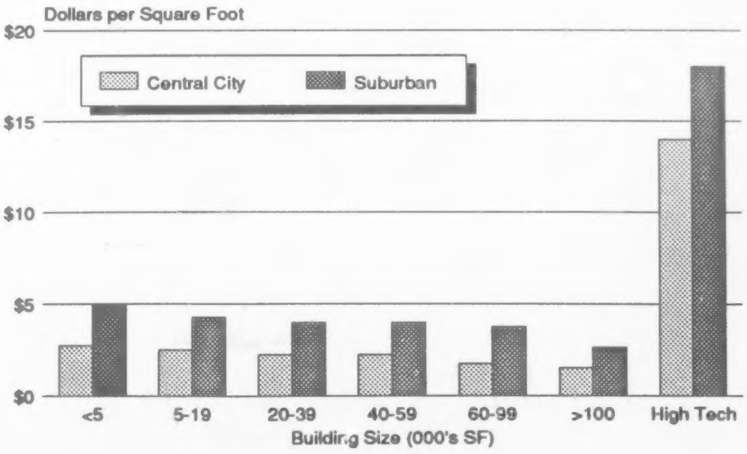
Demographics

		Rank
Population:	949,387	42
Population Growth Rate:	-0.74%	
Unemployment Rate:	5.70%	
Median Household Income:	$29,324	55
Cost of Living Index:	107.2	15

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Same
Site Prices	Up 5-10%
Absorption	
Warehouse/Distribution	Up 5-10%
Manufacturing	Up 5%
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Up 5%
Dollar Volume - Leases	Up 5%

Net Lease Prices
Buffalo



1989 Review

A Top-Five ranking by Fortune magazine in its listing of up-and-coming business centers is prompting a reconsideration of Buffalo's image as an arctic habitat for aging manufacturing dinosaurs. Around the metropolitan area, existing industrial parks are nearly full, and development has been active. Demand for small units (40,000 sq. ft. or less) has been strong. Suburban land prices increased to the $40,000 - $75,000 per acre range. The airport area, particularly, expanded rapidly. All market segments ended 1989 reporting balanced conditions.

1990 Forecast

Local real estate professionals foresee Buffalo's industrial market continuing to improve during 1990. The U.S.-Canada Free Trade Agreement has triggered some investment interest from north of the border who see opportunities in the area's abundant skilled labor, excellent road and rail access, and cheap hydropower. SIOR's correspondents do not foresee excessive spec construction in the coming year. Over the near term, Western New York could prove a healthier real estate market than the more glamorous downstate cities and suburbs.

Charleston, South Carolina: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	250,000	n/a
Vacant	10,000	n/a
Vacancy Rates	4.0%	n/a
Under Construction	0	n/a
Net Absorption	0	n/a

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	24.00	20.00
5,000 to 19,999 sf	22.00-24.00	20.00
20,000 to 39,999 sf	n/a	16.00-24.00
40,000 to 59,999 sf	n/a	16.00-24.00
60,000 to 99,999 sf	n/a	16.00-22.00
More than 100,000 sf	n/a	16.00-22.00
High Tech/R&D	n/a	25.00-30.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	4.25	2.75-3.50
5,000 to 19,999 sf	3.75	3.00
20,000 to 39,999 sf	n/a	3.00
40,000 to 59,999 sf	n/a	2.50
60,000 to 99,999 sf	n/a	2.25-2.50
More than 100,000 sf	n/a	2.00-2.25
High Tech/R&D	n/a	3.00-4.00

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	2.00-3.00	1.25
2 to 5 Acres	n/a	1.00
5 to 10 Acres	n/a	0.75
More than 10 Acres	n/a	0.50-0.75
Unimproved Sites		
Less than 10 Acres	n/a	0.75
10 to 100 Acres	n/a	0.50
More than 100 Acres	n/a	0.30

Prime Source of Financing:
Insurance Companies, Commercial Banks, Owner Financing
Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	n/a
5,000 to 19,999 sf	n/a
20,000 to 39,999 sf	n/a
40,000 to 59,999 sf	n/a
60,000 to 99,999 sf	n/a
More than 100,000 sf	n/a
High Tech/R&D	n/a

Vacancy Indicators	
Less than 5,000 sf	Substantial Shortage
5,000 to 19,999 sf	Substantial Shortage
20,000 to 39,999 sf	Moderate Shortage
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Balanced Market
High Tech/R&D	Balanced Market

Composition of Absorption	
Warehouse/Distribution	85%
Manufacturing	15%
High Tech/R&D	0%
Rate of Construction	
Warehouse/Distribution	Up 10-15%
Manufacturing	Up 10%
High Tech/R&D	Up n/a%
Dollar Volume - Sales	
Warehouse/Distribution	Up 10%
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Up 15%
Manufacturing	Up 5%
High Tech/R&D	Same

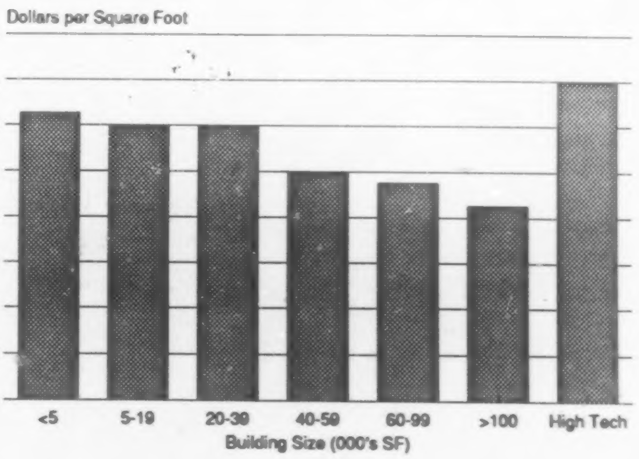
Note - Compared to a year ago

Demographics

		Rank
Population:	519,807	69
Population Growth Rate:	2.12%	
Unemployment Rate:	4.20%	
Median Household Income:	$27,430	68
Cost of Living Index:	97.5	47

Outlook

Sales Prices	
Warehouse/Distribution	Up 10-20%
Manufacturing	Up 5%
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Up 10-15%
Manufacturing	Up 5%
High Tech/R&D	Same
Site Prices	Same
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Down 5%
Dollar Volume - Leases	Up 10%



Suburban Net Lease Prices
Charleston

1989 Review

Hurricane Hugo, which hit shore at Charleston in September 1989, remained the dominant factor affecting the local real estate markets at year-end. The rebuilding/recovery period has left industrial space at a premium and certain sectors - such as warehouses for contracting materials, distribution centers, and business near the port - are extremely strong. Overall, however, the post-hurricane market trend has been down and there is more than a little uncertainty about what happens when a raft of less-than-one-year leases expire during 1990.

1990 Forecast

Very little industrial development is anticipated during 1990. Modest improvements in sales and lease prices for distribution buildings are forecast, as Charleston adjusts upward toward levels prevailing elsewhere in the Southeast. Charleston's economic base is relatively thin, however, with the major contributors being the U.S. Navy, other port activities, and tourism. The jury is still out, therefore, until the 1990 effects of Hugo on tourism, and perestroika on defense become more apparent.

Charlotte, North Carolina: Industrial

Charlotte and 13 Surrounding County Areas

Market Data

Inventory (sf)	Central City	Suburban
Total	15,600,000	80,900,000
Vacant	600,000	3,700,000
Vacancy Rates	3.8%	4.6%
Under Construction	600,000	700,000
Net Absorption	750,000	1,020,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	40.00	40.00
5,000 to 19,999 sf	25.00	35.00
20,000 to 39,999 sf	22.50	22.50
40,000 to 59,999 sf	20.00	22.50
60,000 to 99,999 sf	19.00	20.00
More than 100,000 sf	17.00	17.50
High Tech/R&D	45.00	47.50

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	4.25	4.25
5,000 to 19,999 sf	3.50	3.75
20,000 to 39,999 sf	3.25	3.50
40,000 to 59,999 sf	3.00	3.25
60,000 to 99,999 sf	3.00	3.00
More than 100,000 sf	2.75	3.00
High Tech/R&D	8.50	9.50

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	2.00	2.00
2 to 5 Acres	1.75	1.75
5 to 10 Acres	1.50	1.60
More than 10 Acres	1.35	1.40
Unimproved Sites		
Less than 10 Acres	0.75	0.50
10 to 100 Acres	0.50	0.40
More than 100 Acres	0.40	0.30

Prime Source of Financing:
Insurance Companies, Commercial Banks

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	40.00
5,000 to 19,999 sf	35.00
20,000 to 39,999 sf	23.00
40,000 to 59,999 sf	20.00
60,000 to 99,999 sf	20.00
More than 100,000 sf	17.50
High Tech/R&D	45.00

Vacancy Indicators	
Less than 5,000 sf	Substantial Oversupply
5,000 to 19,999 sf	Moderate Oversupply
20,000 to 39,999 sf	Moderate Oversupply
40,000 to 59,999 sf	Moderate Shortage
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Substantial Shortage
High Tech/R&D	Substantial Oversupply

Composition of Absorption	
Warehouse/Distribution	65%
Manufacturing	15%
High Tech/R&D	20%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same

Note - Compared to a year ago

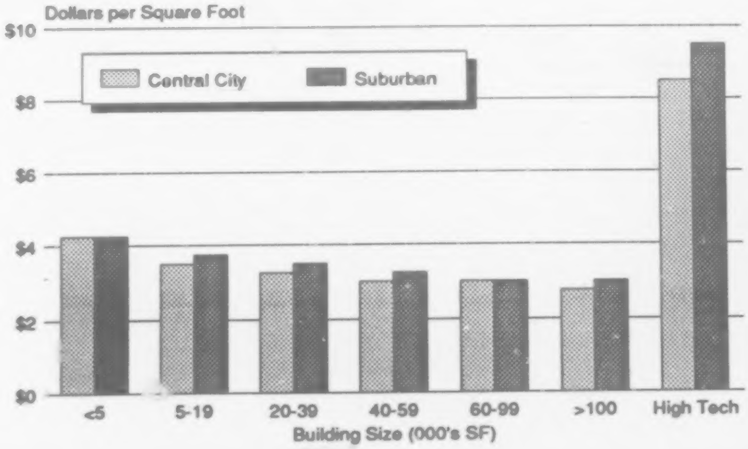
Demographics

		Rank
Population:	1,123,115	33
Population Growth Rate:	1.63%	
Unemployment Rate:	3.20%	
Median Household Income:	$29,891	48
Cost of Living Index:	99.6	39

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Up 6-10%
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Site Prices	Same
Absorption	
Warehouse/Distribution	Up 11-15%
Manufacturing	Same
High Tech/R&D	Up 6-10%
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Same
Dollar Volume - Leases	Same

Net Lease Prices
Charlotte



1989 Review

Vacancies in the Charlotte metro market fell from 7.4 percent in 1988 to 4.5 percent overall in 1989. This was accomplished even in a second straight year of diminishing absorption, as builders reigned in construction activity to just 1.1 million sq. ft. Rents remained stable with the strongest demand apparent in the 50,000 - 100,000 sq. ft. warehouse category. Mecklenburg, Gaston and Rowan counties served as the core distribution centers. High-tech space is overbuilt, due to the investment appetite of pension funds.

1990 Forecast

The outlook is strongest for improved absorption in distribution centers, although SIOR's correspondents foresee a six to 10 percent surge in R&D absorption. Condominium warehouses are being explored in the Mecklenburg area. Foreign investment - Japanese, German, Swiss and French - is emerging as a more potent influence. Local expansions and relocations, rather than start-ups requiring small space, should be the predominant tenant forces in the coming year.

Chattanooga, Tennessee: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	n/a	n/a
Vacant	150,000	50,000
Vacancy Rates	n/a	n/a
Under Construction	75,000	0
Net Absorption	175,000	75,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	20.00	20.00
5,000 to 19,999 sf	20.00	18.00
20,000 to 39,999 sf	18.00	12.00
40,000 to 59,999 sf	18.00	10.00
60,000 to 99,999 sf	16.00	6.00
More than 100,000 sf	16.00	6.00
High Tech/R&D	-	-

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	3.25	2.50
5,000 to 19,999 sf	3.25	2.50
20,000 to 39,999 sf	2.75	2.25
40,000 to 59,999 sf	2.75	2.25
60,000 to 99,999 sf	2.50	1.80
More than 100,000 sf	2.25	1.60
High Tech/R&D	-	-

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	1.00	n/a
2 to 5 Acres	1.00	0.75
5 to 10 Acres	1.00	n/a
More than 10 Acres	0.75	0.50
Unimproved Sites		
Less than 10 Acres	0.50	0.40
10 to 100 Acres	0.35	0.20
More than 100 Acres	-	0.20

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	25.00
5,000 to 19,999 sf	21.00
20,000 to 39,999 sf	21.00
40,000 to 59,999 sf	20.00
60,000 to 99,999 sf	18.00
More than 100,000 sf	18.00
High Tech/R&D	-

Vacancy Indicators	
Less than 5,000 sf	Substantial Shortage
5,000 to 19,999 sf	Substantial Shortage
20,000 to 39,999 sf	Substantial Shortage
40,000 to 59,999 sf	Substantial Shortage
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Moderate Shortage
High Tech/R&D	Substantial Shortage

Composition of Absorption	
Warehouse/Distribution	80%
Manufacturing	20%
High Tech/R&D	0%
Rate of Construction	
Warehouse/Distribution	Up 10%
Manufacturing	Up 10%
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Up 20%
Manufacturing	Up 10%
High Tech/R&D	Same

Note - Compared to a year ago

Demographics

		Rank
Population:	435,070	77
Population Growth Rate:	0.22%	
Unemployment Rate:	4.20%	
Median Household Income:	$24,802	83
Cost of Living Index:	90.2	73

Outlook

Sales Prices	
Warehouse/Distribution	Up 10%
Manufacturing	Up 5%
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Up 20%
Manufacturing	Up 5%
High Tech/R&D	Same
Site Prices	Up 10%
Absorption	
Warehouse/Distribution	Up 10%
Manufacturing	Up 10%
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Up 2%
Manufacturing	Up 2%
High Tech/R&D	Same
Dollar Volume - Sales	Up 10%
Dollar Volume - Leases	Up 15%

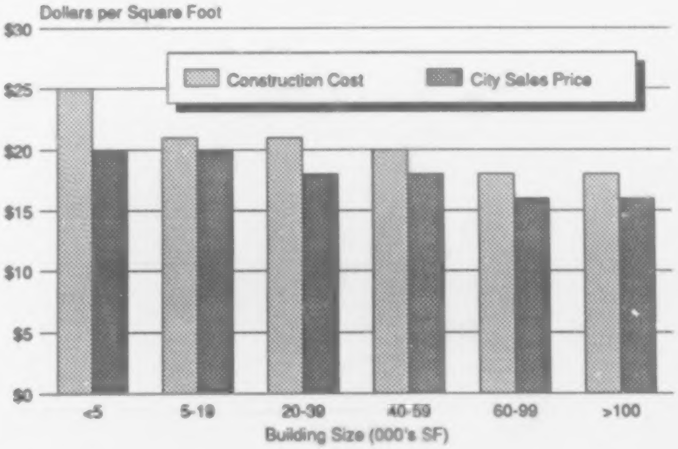
1989 Review

Chattanooga sits at the apex of an equilateral triangle whose other points are Atlanta, Ga. and Birmingham, Al. Like Birmingham, Chattanooga has worked its way through economic hard times and now found itself with a shortage of industrial space. Like Atlanta, it found the end of the Eighties a time of moderate expansion. Chattanooga's position at the junction of I-24 and I-75 links this market to Knoxville and Nashville, the two strongest economies in Tennessee. Chattanooga, boasted the lowest unemployment rate in the state at 5.1 percent.

1990 Forecast

SIOR's local correspondents expect most transaction measures to increase signficantly during 1990. Warehouses are forecast to achieve a 20 percent increase in net rental levels. The dollar volume of leases is expected to be up 15 percent. One 250,000 sq. ft. warehouse now under construction was 50 percent pre-leased before development began. Developments in other property categories, including a new retail mall, are seen to have spinoff benefits for other commercial/industrial property.

Construction Costs vs. Sales Prices
Chattanooga



Chicago, Illinois: Industrial

Central City

Market Data

Inventory (sf)	Central City	Suburban
Total	195,000,000	-
Vacant	11,500,000	-
Vacancy Rates	5.9%	-
Under Construction	200,000	-
Net Absorption	0	-

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	40.00	-
5,000 to 19,999 sf	35.00	-
20,000 to 39,999 sf	30.00	-
40,000 to 59,999 sf	25.00	-
60,000 to 99,999 sf	22.00	-
More than 100,000 sf	20.00	-
High Tech/R&D	-	-

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	4.50	-
5,000 to 19,999 sf	4.00	-
20,000 to 39,999 sf	3.00	-
40,000 to 59,999 sf	3.00	-
60,000 to 99,999 sf	2.75	-
More than 100,000 sf	2.75	-
High Tech/R&D	-	-

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	1.50-5.00	-
2 to 5 Acres	1.50-5.00	-
5 to 10 Acres	1.25-4.50	-
More than 10 Acres	1.00-3.50	-
Unimproved Sites		
Less than 10 Acres	-	-
10 to 100 Acres	-	-
More than 100 Acres	-	-

Prime Source of Financing:
Insurance Companies, Commercial Banks

Mortgage Money Supply:
Moderate

Construction Costs	
Less than 5,000 sf	38.00
5,000 to 19,999 sf	35.00
20,000 to 39,999 sf	30.00
40,000 to 59,999 sf	28.00
60,000 to 99,999 sf	25.00
More than 100,000 sf	25.00
High Tech/R&D	-

Vacancy Indicators	
Less than 5,000 sf	Balanced Market
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Moderate Oversupply
40,000 to 59,999 sf	Substantial Oversupply
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Moderate Oversupply
High Tech/R&D	

Composition of Absorption	
Warehouse/Distribution	80%
Manufacturing	15%
High Tech/R&D	5%
Rate of Construction	
Warehouse/Distribution	Up 20%
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Up
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Down 10%
Manufacturing	Same
High Tech/R&D	Same

Note - Compared to a year ago

Demographics

		Rank
Population:	6,242,447	4
Population Growth Rate:	0.33%	
Unemployment Rate:	5.50%	
Median Household Income:	$32,453	26
Cost of Living Index:	n/a	n/a

Outlook

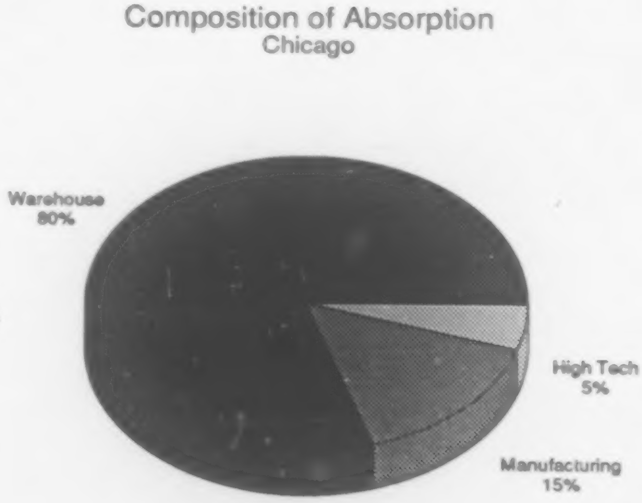
Sales Prices	
Warehouse/Distribution	Up
Manufacturing	Up
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Down
Manufacturing	Down
High Tech/R&D	Down
Site Prices	Down
Absorption	
Warehouse/Distribution	Down
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Down 5%
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Same
Dollar Volume - Leases	Same

1989 Review

The City of Chicago industrial market presented a remarkably stable picture during 1989. No net change in occupancy was recorded during the year and, with only token amounts of new construction occurring, vacancy stayed at about six percent. The retail markets in the metropolitan area were thriving, and this kept warehouse demand high. Chicago, as always, benefited from an excellent transportation infrastructure. In supply/demand terms, the central city continued in better balance than the growth markets of the suburbs.

1990 Forecast

Infill and rehabilitation within the City of Chicago is proving successful, according to SIOR's reporters. In contrast to most areas of the nation, this market has long-term viability in its urban industrial stock. The mutually beneficial relationship between core and peripheral industrial markets is testimony to Chicago's strength as a production and shipment center for the nation.



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Chicago, Illinois: Industrial

Suburban

Market Data

Inventory (sf)	Central City	Suburban
Total	-	510,000,000
Vacant	-	39,000,000
Vacancy Rates	-	7.6%
Under Construction	-	10,000,000
Net Absorption	-	0

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	55.00
5,000 to 19,999 sf	-	45.00
20,000 to 39,999 sf	-	37.00
40,000 to 59,999 sf	-	35.00
60,000 to 99,999 sf	-	32.00
More than 100,000 sf	-	29.00
High Tech/R&D	-	-

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	5.50
5,000 to 19,999 sf	-	4.25
20,000 to 39,999 sf	-	3.75
40,000 to 59,999 sf	-	3.50
60,000 to 99,999 sf	-	3.50
More than 100,000 sf	-	3.25
High Tech/R&D	-	-

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	-	2.00-5.00
2 to 5 Acres	-	2.00-4.50
5 to 10 Acres	-	1.75-3.75
More than 10 Acres	-	1.50-3.75
Unimproved Sites		
Less than 10 Acres	-	1.65
10 to 100 Acres	-	1.50
More than 100 Acres	-	1.25

Demographics

		Rank
Population:	6,242,447	4
Population Growth Rate:	0.33%	
Unemployment Rate:	5.50%	
Median Household Income:	$32,453	26
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Up
Manufacturing	Up
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Down
Manufacturing	Down
High Tech/R&D	Down
Site Prices	Down
Absorption	
Warehouse/Distribution	Down
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Down 5%
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Same
Dollar Volume - Leases	Down

Prime Source of Financing:
Insurance Companies, Commercial Banks

Mortgage Money Supply:
Moderate

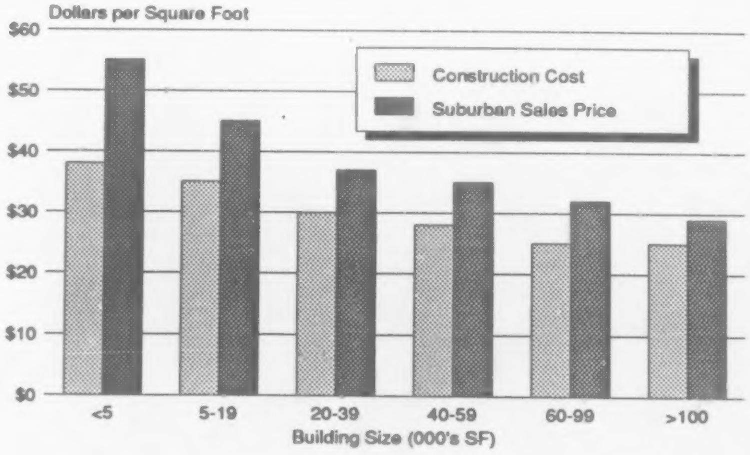
Construction Costs	
Less than 5,000 sf	38.00
5,000 to 19,999 sf	35.00
20,000 to 39,999 sf	30.00
40,000 to 59,999 sf	28.00
60,000 to 99,999 sf	25.00
More than 100,000 sf	25.00
High Tech/R&D	

Vacancy Indicators	
Less than 5,000 sf	Balanced Market
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Moderate Oversupply
40,000 to 59,999 sf	Substantial Oversupply
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Moderate Oversupply
High Tech/R&D	

Composition of Absorption	
Warehouse/Distribution	80%
Manufacturing	15%
High Tech/R&D	5%
Rate of Construction	
Warehouse/Distribution	Up 20%
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Up
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Down 10%
Manufacturing	Same
High Tech/R&D	Same

Note - Compared to a year ago

Construction Costs vs. Sales Prices
Chicago



1989 Review

This may have been the year when Chicago got caught in the switches. Despite the stability of the overall vacancy picture between 1988 and 1989 (at 7.2 percent for the metro area), absorption dropped from 6.5 million sq. ft. to zero, and the volume of new construction underway surged from seven to 10 million sq. ft. Elements of oversupply appeared in the 20,000 - 60,000 sq. ft. size categories, which had previously had favorable supply/demand relationships. Rents and prices held firm but the production end of the Chicago economy lost share to the distribution sector, a warning signal of a slowing local market.

1990 Forecast

Caution is beginning to pervade the industrial property market, and a small (two percent) retrenchment in rents is anticipated. A pullback in construction should be expected, and would benefit the market. Rents and sales prices for the suburbs should continue to outperform the central city, as the most modern space is being created on the fringes of the metropolitan area.

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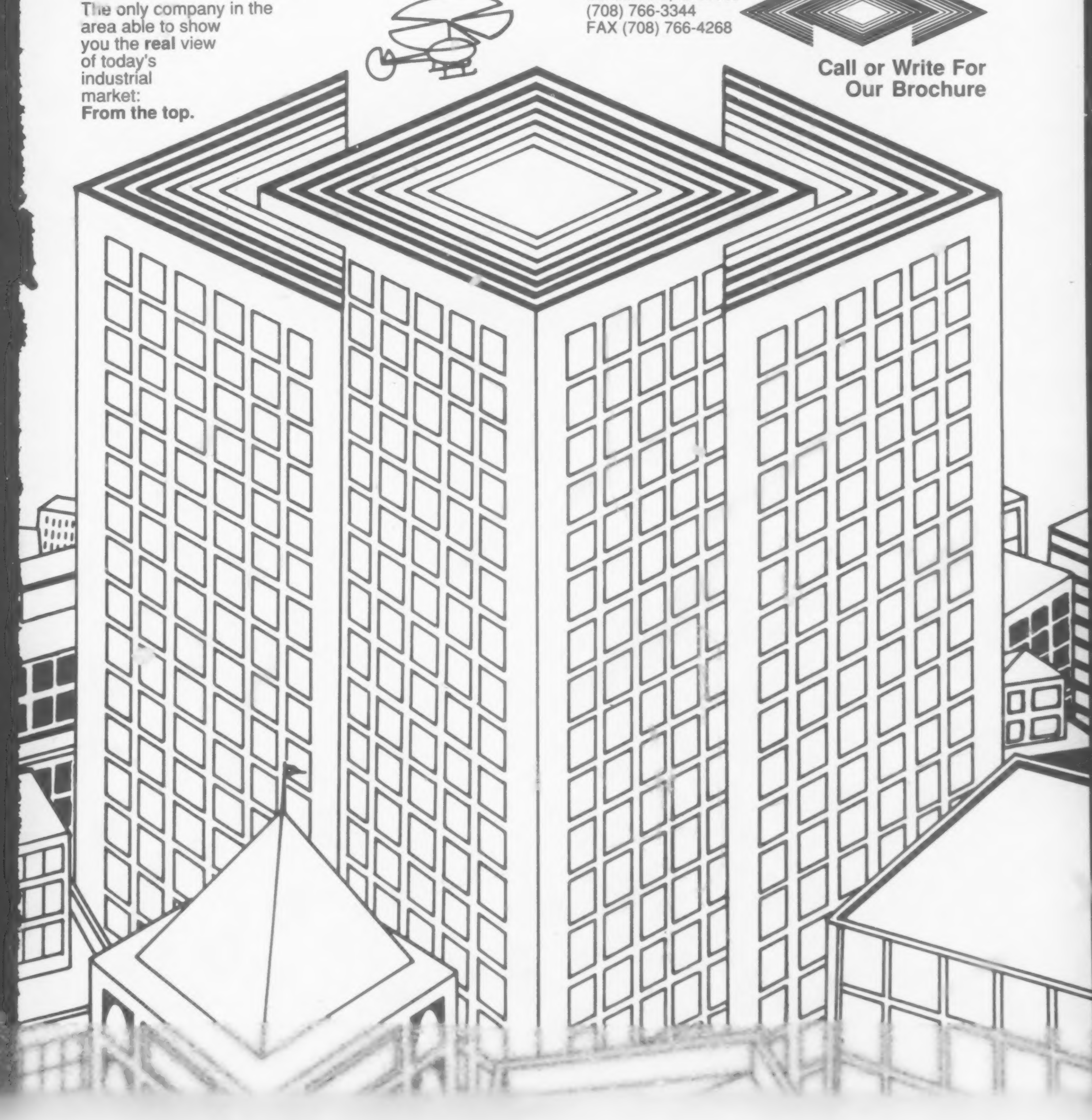


Cincinnati, Ohio: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	79,000,000	185,000,000
Vacant	1,400,000	3,600,000
Vacancy Rates	1.8%	1.9%
Under Construction	45,000	1,750,000
Net Absorption	1,200,000	2,350,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	35.00	35.00
5,000 to 19,999 sf	24.00	24.00
20,000 to 39,999 sf	22.00	22.00
40,000 to 59,999 sf	20.00	20.00
60,000 to 99,999 sf	18.00	18.00
More than 100,000 sf	18.00	18.00
High Tech/R&D	45.00	45.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	5.00	5.00
5,000 to 19,999 sf	3.50	3.75
20,000 to 39,999 sf	3.50	3.50
40,000 to 59,999 sf	3.25	3.25
60,000 to 99,999 sf	3.00	3.00
More than 100,000 sf	4.00	2.80
High Tech/R&D	6.00	7.50

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	2.00	1.00-2.00
2 to 5 Acres	2.00	1.00-2.00
5 to 10 Acres	2.00	1.00-2.00
More than 10 Acres	2.00-2.50	0.75-2.00
Unimproved Sites		
Less than 10 Acres	n/a	0.60-0.75
10 to 100 Acres	n/a	0.25-0.50
More than 100 Acres	n/a	0.10-0.50

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	40.00
5,000 to 19,999 sf	35.00
20,000 to 39,999 sf	27.00
40,000 to 59,999 sf	24.00
60,000 to 99,999 sf	19.00
More than 100,000 sf	17.00
High Tech/R&D	50.00

Vacancy Indicators	
Less than 5,000 sf	Balanced Market
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Moderate Shortage
40,000 to 59,999 sf	Substantial Shortage
60,000 to 99,999 sf	Substantial Shortage
More than 100,000 sf	Moderate Shortage
High Tech/R&D	Moderate Oversupply

Composition of Absorption	
Warehouse/Distribution	80%
Manufacturing	15%
High Tech/R&D	5%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Down 15%
High Tech/R&D	Down 35%
Dollar Volume - Sales	
Warehouse/Distribution	Down 5%
Manufacturing	Down 5%
High Tech/R&D	Down 5%
Dollar Volume - Leases	
Warehouse/Distribution	Up 10%
Manufacturing	Down 10%
High Tech/R&D	Down 20%

Note - Compared to a year ago

Demographics

		Rank
Population:	1,459,131	23
Population Growth Rate:	0.45%	
Unemployment Rate:	4.00%	
Median Household Income:	$29,934	46
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Up 15%
Manufacturing	Same
High Tech/R&D	Same
Site Prices	Same
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Same
Dollar Volume - Leases	Up 10%

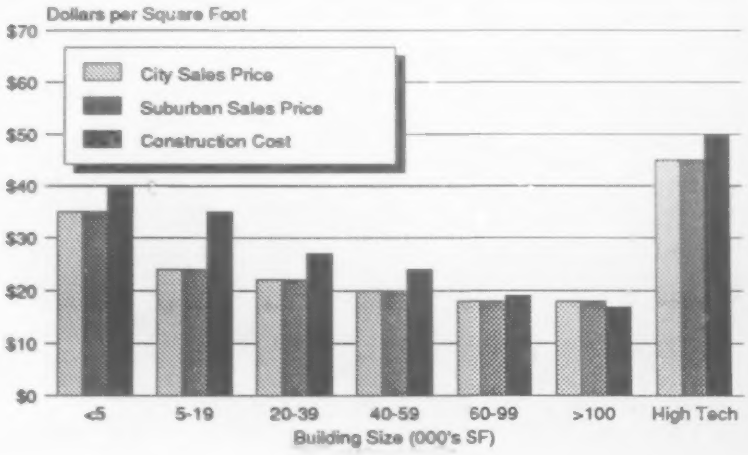
1989 Review

Vacancies have dropped below two percent of Cincinnati's 264 million sq. ft. industrial property inventory. Virtually all market segments reported space in short supply. Approximately 3.5 million sq. ft. of space was absorbed in 1989 and new construction failed to keep pace. Warehouse and distribution space captured the lion's share of market activity. Cincinnati's economy has posted strong employment gains over the past decade. The city is presently the prosperous bellwether of the Ohio Valley.

1990 Forecast

Distribution facilities will capture the benefit of the local space shortage in 1990, with lease rates for warehouses expected to rise 15 percent. Construction activity is anticipated to remain below the two million sq. ft. level, as construction costs still stand at the very margin of feasibility levels. The sheer tightness of the market will retard tenants' efforts to find appropriate space. While not as cyclical as other Midwestern cities, Cincinnati cannot be divorced from the broader economy; so local market observers must remain wary of a general slowdown.

Sales Prices vs. Construction Costs
Cincinnati



Cleveland, Ohio: Industrial

Cleveland and Seven Surrounding Counties

Market Data

Inventory (sf)	Central City	Suburban
Total	120,000,000	178,000,000
Vacant	24,000,000	12,000,000
Vacancy Rates	20.0%	6.7%
Under Construction	125,000	1,400,000
Net Absorption	500,000	2,100,000

Prime Source of Financing:
Insurance Companies, Commercial Banks

Mortgage Money Supply:
Moderate

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	33.00	38.00
5,000 to 19,999 sf	28.00	32.00
20,000 to 39,999 sf	26.00	28.00
40,000 to 59,999 sf	22.00	26.00
60,000 to 99,999 sf	19.00	22.00
More than 100,000 sf	13.00	19.00
High Tech/R&D	n/a	62.00

Construction Costs	
Less than 5,000 sf	42.00
5,000 to 19,999 sf	37.00
20,000 to 39,999 sf	34.00
40,000 to 59,999 sf	31.00
60,000 to 99,999 sf	27.00
More than 100,000 sf	24.00
High Tech/R&D	58.00

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	4.00	5.00
5,000 to 19,999 sf	3.25	4.25
20,000 to 39,999 sf	2.75	3.75
40,000 to 59,999 sf	2.50	3.25
60,000 to 99,999 sf	2.25	3.00
More than 100,000 sf	2.00	2.75
High Tech/R&D	n/a	9.00

Vacancy Indicators	
Less than 5,000 sf	Substantial Shortage
5,000 to 19,999 sf	Substantial Shortage
20,000 to 39,999 sf	Moderate Shortage
40,000 to 59,999 sf	Moderate Shortage
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Moderate Shortage
High Tech/R&D	Balanced Market

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	1.50-3.00	1.30-2.75
2 to 5 Acres	1.50-2.50	1.00-2.50
5 to 10 Acres	1.25-2.25	1.00-2.50
More than 10 Acres	1.25-1.75	1.00-1.75
Unimproved Sites		
Less than 10 Acres	n/a	0.40
10 to 100 Acres	n/a	0.30
More than 100 Acres	n/a	0.17

Composition of Absorption	
Warehouse/Distribution	55%
Manufacturing	35%
High Tech/R&D	10%
Rate of Construction	
Warehouse/Distribution	Up 15%
Manufacturing	Up 10%
High Tech/R&D	Up 10%
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Up 10%
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Up 5%
Manufacturing	Up 7%
High Tech/R&D	Up 5%

Note - Compared to a year ago

Demographics

		Rank
Population:	1,856,969	19
Population Growth Rate:	-0.25%	
Unemployment Rate:	4.40%	
Median Household Income:	$30,296	42
Cost of Living Index:	109.5	11

Outlook

Sales Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Up 5%
Site Prices	Up 7%
Absorption	
Warehouse/Distribution	Same
Manufacturing	Up 5%
High Tech/R&D	Down 5%
Construction	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Down 5%
Dollar Volume - Sales	Up 7%
Dollar Volume - Leases	Up 7%

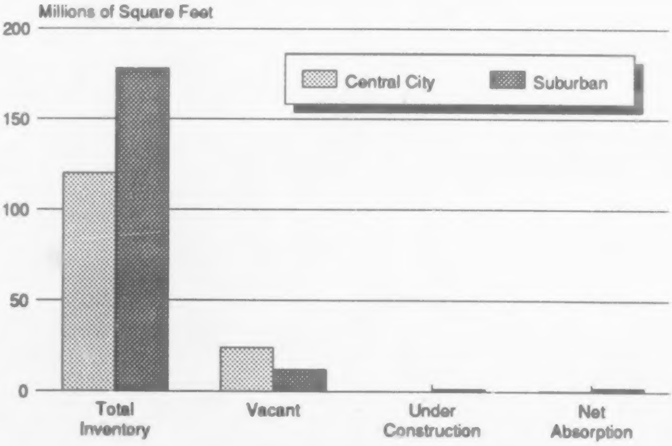
1989 Review

Statistically, Cleveland's story divides into two chapters: the troubles of the older industrial market of the central city, and the vibrant modern facilities of its suburban industrial parks. Demand for modern and efficient manufacturing, distribution, sales and service space of all sizes remained solid in the suburbs during 1989. Manufacturing's share of total absorption grew to 35 percent, up from 20 percent a year ago. This balance of production and distribution function is a positive sign of diversification in the market.

1990 Forecast

SIOR's reporters expect the market to move ahead moderately in 1990. Both speculative and build-to-suit projects are planned. Spec development will emphasize "flex" space and smaller unit, multi-tenant buildings. The competitive local environment is placing additional emphasis on modern amenities, landscaping, and (of course) location. International investor interest is strong, with Europe, the Far East and Canada all reported surveying the market. To date, however, it is mainly the North American investor who is actively making the market here.

Market Inventory
Cleveland



Columbia, South Carolina: Industrial

Columbia, West Columbia, Cayce, Richland, and Lexington Counties

Market Data

Inventory (sf)	Central City	Suburban
Total	4,600,000	19,700,000
Vacant	276,000	1,379,000
Vacancy Rates	6.0%	7.0%
Under Construction	0	0
Net Absorption	-92,000	-197,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	25.00	25.00
5,000 to 19,999 sf	18.00	18.00
20,000 to 39,999 sf	12.00	12.00
40,000 to 59,999 sf	10.00	10.00
60,000 to 99,999 sf	10.00	10.00
More than 100,000 sf	10.00	10.00
High Tech/R&D	n/a	n/a

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	3.00	3.00
5,000 to 19,999 sf	3.00	3.00
20,000 to 39,999 sf	3.00	3.00
40,000 to 59,999 sf	2.50	2.50
60,000 to 99,999 sf	2.50	2.50
More than 100,000 sf	2.00	2.00
High Tech/R&D	n/a	n/a

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	3.50	2.00
2 to 5 Acres	3.50	2.00
5 to 10 Acres	2.00	1.00
More than 10 Acres	1.00	1.00
Unimproved Sites		
Less than 10 Acres	0.70	0.70
10 to 100 Acres	0.90	0.40
More than 100 Acres	n/a	0.25

Prime Source of Financing:
Commercial Banks, Owner Financing

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	25.00
5,000 to 19,999 sf	23.00
20,000 to 39,999 sf	20.00
40,000 to 59,999 sf	18.00
60,000 to 99,999 sf	17.00
More than 100,000 sf	17.00
High Tech/R&D	n/a

Vacancy Indicators	
Less than 5,000 sf	Balanced Market
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Moderate Shortage
40,000 to 59,999 sf	Moderate Shortage
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Moderate Shortage
High Tech/R&D	Substantial Shortage

Composition of Absorption	
Warehouse/Distribution	40%
Manufacturing	59%
High Tech/R&D	1%
Rate of Construction	
Warehouse/Distribution	Down 2%
Manufacturing	Down 5%
High Tech/R&D	n/a
Dollar Volume - Sales	
Warehouse/Distribution	Down 10%
Manufacturing	Down 10%
High Tech/R&D	n/a
Dollar Volume - Leases	
Warehouse/Distribution	Down 20%
Manufacturing	Down 25%
High Tech/R&D	n/a

Note - Compared to a year ago

Demographics

		Rank
Population:	464,078	75
Population Growth Rate:	1.38%	
Unemployment Rate:	3.80%	
Median Household Income:	$29,935	45
Cost of Living Index:	97.4	50

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Site Prices	Same
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Same
Dollar Volume - Leases	Same

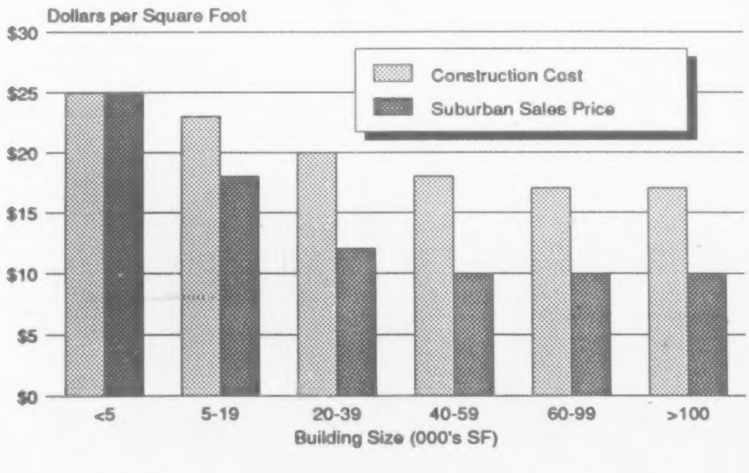
1989 Review

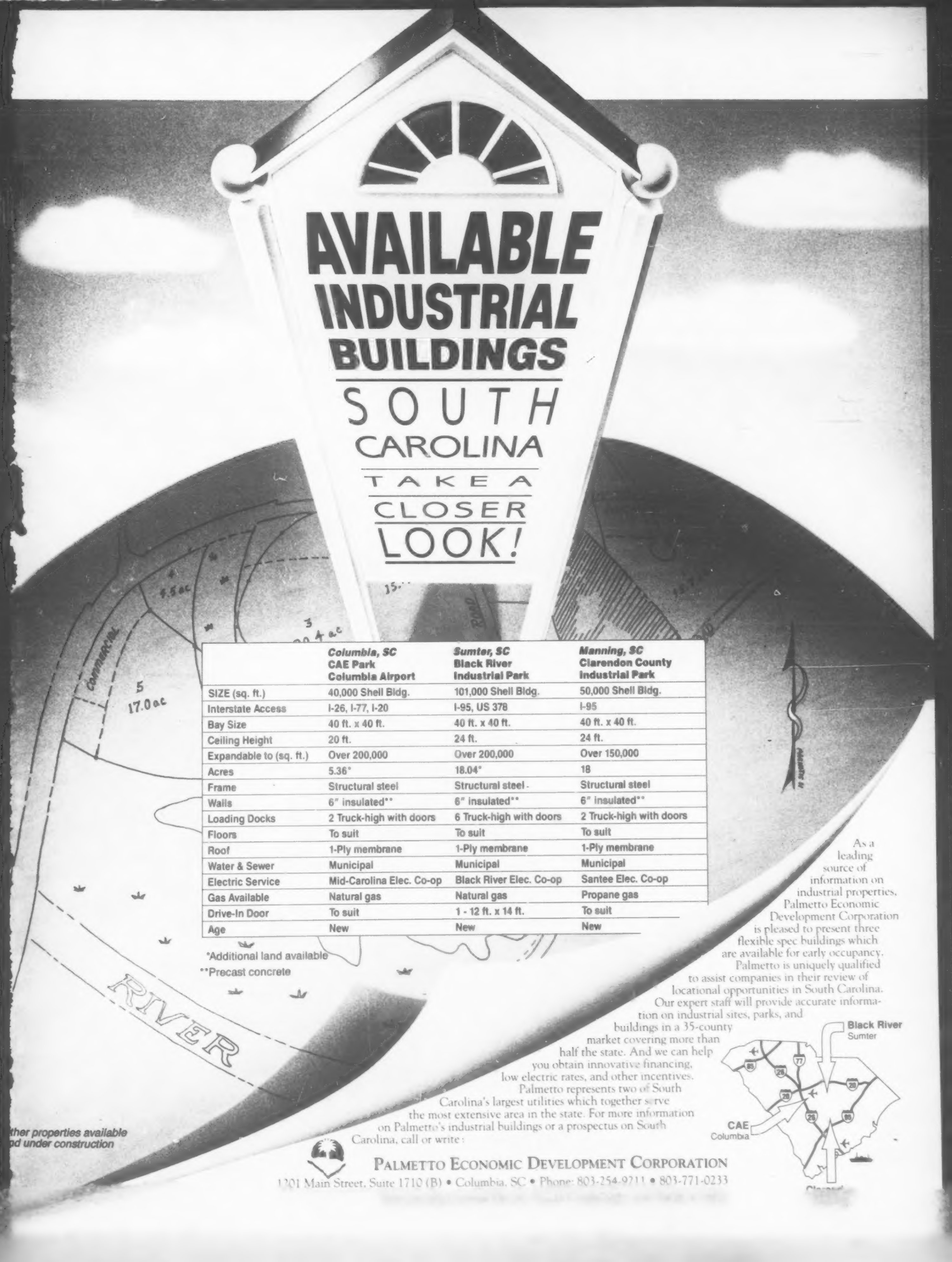
The Eighties ended not with a bang but with a whimper in Columbia, as the industrial property market experienced negative net absorption, rising vacancy rates and a virtual cessation of construction. Part of the reason can be attributed to the effects of Hurricane Hugo, which smashed into the city as it swung inland in September. SIOR market reporters relate a definite slowdown of expansion activity by industrial space users, a storm signal for a market whose growth depends upon internally generated demand. For all the "tirekicking," decision-making was slow, and industrial rents pulled back $0.25 to $0.50 per sq. ft. since 1988.

1990 Forecast

Given present conditions, little speculative development is forecast for 1990. South Carolina is projected to underperform the other Southeastern states and so little stimulus is expected from the statewide economy. The state's main sources of activity - textiles and tourism - have little bearing on Columbia's market. An outlook calling for "more of the same" means that this market will experience the doldrums after the storm this year.

Construction Costs vs. Sales Prices
Columbia





AVAILABLE INDUSTRIAL BUILDINGS

SOUTH CAROLINA

TAKE A CLOSER LOOK!

	Columbia, SC **CAE Park** **Columbia Airport**	*Sumter, SC* **Black River** **Industrial Park**	*Manning, SC* **Clarendon County** **Industrial Park**
SIZE (sq. ft.)	40,000 Shell Bldg.	101,000 Shell Bldg.	50,000 Shell Bldg.
Interstate Access	I-26, I-77, I-20	I-95, US 378	I-95
Bay Size	40 ft. x 40 ft.	40 ft. x 40 ft.	40 ft. x 40 ft.
Ceiling Height	20 ft.	24 ft.	24 ft.
Expandable to (sq. ft.)	Over 200,000	Over 200,000	Over 150,000
Acres	5.36*	18.04*	18
Frame	Structural steel	Structural steel	Structural steel
Walls	6″ insulated**	6″ insulated**	6″ insulated**
Loading Docks	2 Truck-high with doors	6 Truck-high with doors	2 Truck-high with doors
Floors	To suit	To suit	To suit
Roof	1-Ply membrane	1-Ply membrane	1-Ply membrane
Water & Sewer	Municipal	Municipal	Municipal
Electric Service	Mid-Carolina Elec. Co-op	Black River Elec. Co-op	Santee Elec. Co-op
Gas Available	Natural gas	Natural gas	Propane gas
Drive-In Door	To suit	1 - 12 ft. x 14 ft.	To suit
Age	New	New	New

*Additional land available

**Precast concrete

As a leading source of information on industrial properties, Palmetto Economic Development Corporation is pleased to present three flexible spec buildings which are available for early occupancy. Palmetto is uniquely qualified to assist companies in their review of locational opportunities in South Carolina. Our expert staff will provide accurate information on industrial sites, parks, and buildings in a 35-county market covering more than half the state. And we can help you obtain innovative financing, low electric rates, and other incentives. Palmetto represents two of South Carolina's largest utilities which together serve the most extensive area in the state. For more information on Palmetto's industrial buildings or a prospectus on South Carolina, call or write:

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PALMETTO ECONOMIC DEVELOPMENT CORPORATION

1201 Main Street, Suite 1710 (B) • Columbia, SC • Phone: 803-254-9211 • 803-771-0233

Columbus, Ohio: Industrial

Central Ohio

Market Data

Inventory (sf)	Central City	Suburban
Total	19,500,000	90,000,000
Vacant	600,000	5,500,000
Vacancy Rates	3.1%	6.1%
Under Construction	0	1,000,000
Net Absorption	-	1,250,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	25.00-32.00	28.00-40.00
5,000 to 19,999 sf	22.00-30.00	25.00-35.00
20,000 to 39,999 sf	13.00-16.00	20.00-28.00
40,000 to 59,999 sf	12.00-14.00	18.00-25.00
60,000 to 99,999 sf	12.00-14.00	14.00-25.00
More than 100,000 sf	12.00-14.00	12.00-22.00
High Tech/R&D	30.00-40.00	30.00-50.00

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	n/a	3.75-5.00
5,000 to 19,999 sf	n/a	2.50-4.00
20,000 to 39,999 sf	n/a	2.30-4.35
40,000 to 59,999 sf	n/a	2.25-3.75
60,000 to 99,999 sf	n/a	2.25-3.30
More than 100,000 sf	n/a	2.00-3.00
High Tech/R&D	n/a	5.00-8.50

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	n/a	0.80-2.15
2 to 5 Acres	n/a	0.80-1.60
5 to 10 Acres	n/a	0.37-1.40
More than 10 Acres	n/a	0.32-0.90
Unimproved Sites		
Less than 10 Acres	n/a	0.25
10 to 100 Acres	n/a	0.18
More than 100 Acres	n/a	0.12

Demographics

		Rank
Population:	1,351,089	28
Population Growth Rate:	0.92%	
Unemployment Rate:	4.30%	
Median Household Income:	$29,080	57
Cost of Living Index:	102.4	24

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Down 10%
Manufacturing	Down 10%
High Tech/R&D	Down 10%
Site Prices	Up 7%
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Down 10%
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Down 20%
Dollar Volume - Sales	Same
Dollar Volume - Leases	Down 10%

Prime Source of Financing:
Insurance Companies, Commercial Banks, Pension Funds
Mortgage Money Supply:
Moderate

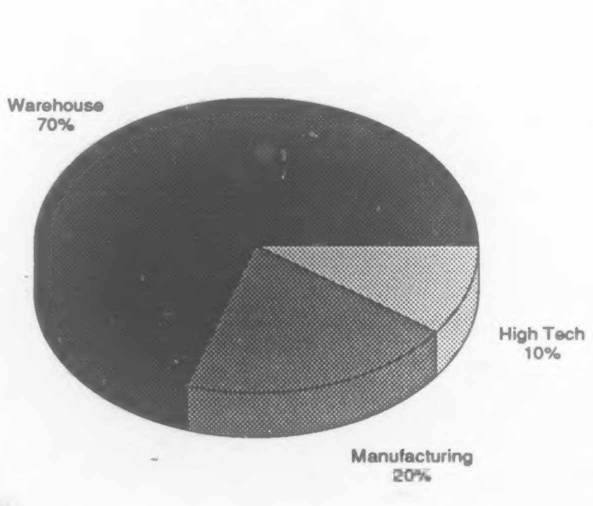
Construction Costs	
Less than 5,000 sf	28.00-45.00
5,000 to 19,999 sf	22.00-35.00
20,000 to 39,999 sf	18.00-28.00
40,000 to 59,999 sf	18.00-28.00
60,000 to 99,999 sf	16.00-24.00
More than 100,000 sf	12.00-18.00
High Tech/R&D	35.00-40.00

Vacancy Indicators	
Less than 5,000 sf	Balanced Market
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Moderate Oversupply
60,000 to 99,999 sf	Moderate Oversupply
More than 100,000 sf	Substantial Oversupply
High Tech/R&D	Substantial Oversupply

Composition of Absorption	
Warehouse/Distribution	70%
Manufacturing	20%
High Tech/R&D	10%
Rate of Construction	
Warehouse/Distribution	Down 15%
Manufacturing	Up 2%
High Tech/R&D	Down 20%
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Up 13%
Manufacturing	Same
High Tech/R&D	Same

Note - Compared to a year ago

Composition of Absorption
Columbus



1989 Review

Leasing activity grew by 13 percent in terms of dollar volume in 1989, and with construction slow locally, vacancies remained tight. SIOR's survey respondents attributed the slow pace of industrial sales to a wait-and-see attitude toward a change in Federal capital gains tax treatment. The composition of absorption, which had been 95 percent concentrated in distribution facilities, moved toward greater balance during the past year. The transition of the auto industry toward just-in-time inventory control processes kept the warehousing sector active.

1990 Forecast

If leasing activity sustains its present pace, speculative developments should intensify during 1990 and total construction volumes would then rise. The problems of the savings and loan industry have produced something of a financing shortage in the commercial lending market. Columbus real estate professionals are not counting on either foreign investment nor a surge of interest from either coast to be a major factor in the market.

Contra Costa, California: Industrial

Oakland, Alameda, Solano Counties, and East Contra Costa

Market Data

Inventory (sf)	Central City	Suburban
Total	-	30,000,000
Vacant	-	2,400,000
Vacancy Rates	-	8.0%
Under Construction	-	1,875,000
Net Absorption	-	2,700,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	75.00
5,000 to 19,999 sf	-	55.00-65.00
20,000 to 39,999 sf	-	30.00-40.00
40,000 to 59,999 sf	-	30.00-35.00
60,000 to 99,999 sf	-	n/a
More than 100,000 sf	-	n/a
High Tech/R&D	-	n/a

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	7.20
5,000 to 19,999 sf	-	4.80
20,000 to 39,999 sf	-	4.20
40,000 to 59,999 sf	-	3.36
60,000 to 99,999 sf	-	3.00
More than 100,000 sf	-	2.64
High Tech/R&D	-	9.00

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	-	3.50-9.00
2 to 5 Acres	-	2.50-7.00
5 to 10 Acres	-	2.50-6.00
More than 10 Acres	-	2.00-5.00
Unimproved Sites		
Less than 10 Acres	-	2.00-3.00
10 to 100 Acres	-	0.50-1.50
More than 100 Acres	-	n/a

Demographics

		Rank
Population:	n/a	n/a
Population Growth Rate:	0.94%	
Unemployment Rate:	n/a	
Median Household Income:	$34,261	19
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5-10%
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Up 7%
High Tech/R&D	Same
Site Prices	Up 5-10%
Absorption	
Warehouse/Distribution	Down 10%
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Up 5%
High Tech/R&D	Down 10%
Dollar Volume - Sales	Up 8%
Dollar Volume - Leases	Down 10%

Prime Source of Financing:
Insurance Companies, Commercial Banks

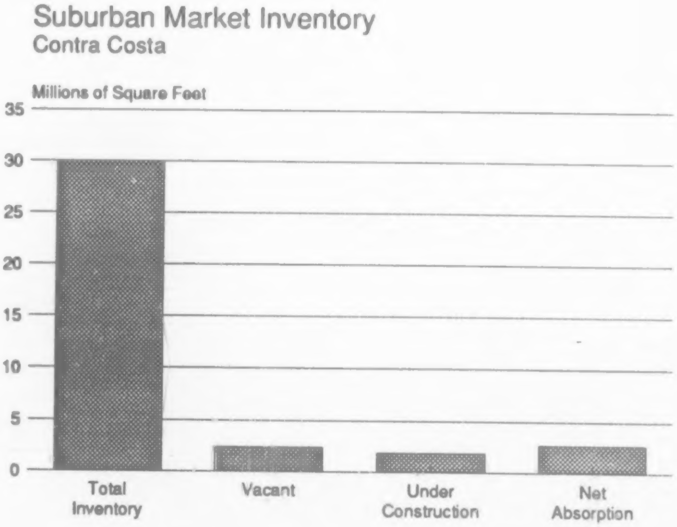
Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	60.00-65.00
5,000 to 19,999 sf	45.00-55.00
20,000 to 39,999 sf	30.00-35.00
40,000 to 59,999 sf	28.00-32.00
60,000 to 99,999 sf	n/a
More than 100,000 sf	n/a
High Tech/R&D	50.00-60.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Oversupply
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Substantial Shortage
High Tech/R&D	Moderate Oversupply

Composition of Absorption	
Warehouse/Distribution	65%
Manufacturing	30%
High Tech/R&D	5%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Down 5%
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Up 10%
Dollar Volume - Leases	
Warehouse/Distribution	Up 25%
Manufacturing	Up 15%
High Tech/R&D	Same

Note - Compared to a year ago


Suburban Market Inventory
Contra Costa

1989 Review

Suburban industrial property in the East Bay area found itself a user-driven market in 1989. Continued migration to transportation corridors between Oakland, Stockton and Sacramento generated strong demand for both existing buildings and available sites. The current vacancy rate is managable and less than the amount of space absorbed during the past year. Now that some time has elapsed since the October 1989 earthquake, it is apparent that the suburban East Bay economy remains strong and diverse enough to sustain its growth patterns.

1990 Forecast

The move toward the Central Valley as a lower cost alternative to the cities of the Bay Area is accelerating. Demand for light manufacturing space will set the pace during 1990. Speculative development by well-financed major builders is in the offing, according to SIOR's reporters. The area's convenient access is also attracting users seeking large distribution buildings. On balance, however, the composition of demand should shift more toward production, with "high-tech" space continuing as the weakest sector.

Corpus Christi, Texas: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	2,400,000	5,600,000
Vacant	312,000	728,000
Vacancy Rates	13.0%	13.0%
Under Construction	150,000	400,000
Net Absorption	120,000	280,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	12.00-25.00	18.00-25.00
5,000 to 19,999 sf	15.00-20.00	15.00-20.00
20,000 to 39,999 sf	15.00-20.00	15.00-20.00
40,000 to 59,999 sf	5.00-20.00	5.00-20.00
60,000 to 99,999 sf	4.00-20.00	n/a
More than 100,000 sf	n/a	n/a
High Tech/R&D	n/a	25.00-35.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	2.40-4.20	2.40-4.25
5,000 to 19,999 sf	1.90-3.20	1.90-3.20
20,000 to 39,999 sf	1.45-2.30	1.45-2.30
40,000 to 59,999 sf	n/a	1.20-2.30
60,000 to 99,999 sf	n/a	1.00-2.00
More than 100,000 sf	n/a	-
High Tech/R&D	n/a	3.60-6.60

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	1.00-2.00	0.75-1.50
2 to 5 Acres	1.00-2.00	0.60-1.50
5 to 10 Acres	n/a	0.40-1.00
More than 10 Acres	n/a	0.30-0.75
Unimproved Sites		
Less than 10 Acres	n/a	0.40-1.25
10 to 100 Acres	n/a	0.15-0.50
More than 100 Acres	n/a	0.05-0.20

Demographics

		Rank
Population:	359,928	89
Population Growth Rate:	1.10%	
Unemployment Rate:	7.80%	
Median Household Income:	$25,639	81
Cost of Living Index:	97.2	52

Outlook

Sales Prices	
Warehouse/Distribution	Down 10%
Manufacturing	Down 20%
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Down 10%
Manufacturing	Down 10%
High Tech/R&D	Down 5%
Site Prices	Same
Absorption	
Warehouse/Distribution	Up 10%
Manufacturing	Same
High Tech/R&D	Up 5%
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Up 5%
Dollar Volume - Leases	Up 5%

Prime Source of Financing:
Commercial Banks, Owner Financing

Mortgage Money Supply:
Tight

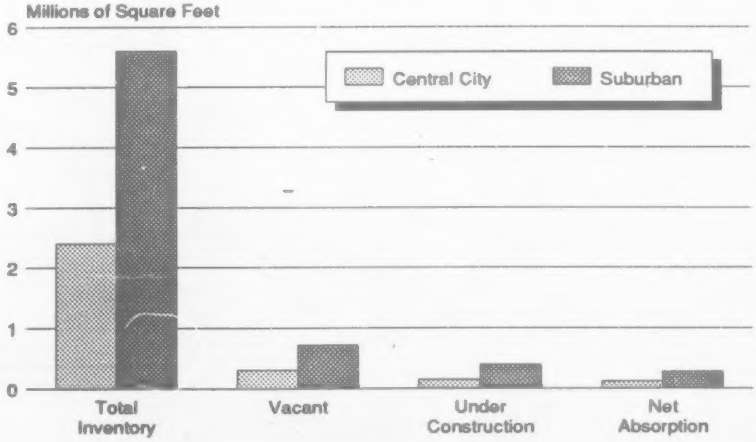
Construction Costs	
Less than 5,000 sf	20.00-25.00
5,000 to 19,999 sf	16.00-21.00
20,000 to 39,999 sf	12.00-17.00
40,000 to 59,999 sf	12.00-17.00
60,000 to 99,999 sf	11.00-13.00
More than 100,000 sf	10.00-13.00
High Tech/R&D	22.00-27.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Oversupply
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Moderate Shortage
40,000 to 59,999 sf	Moderate Shortage
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Moderate Shortage
High Tech/R&D	Moderate Shortage

Composition of Absorption	
Warehouse/Distribution	60%
Manufacturing	35%
High Tech/R&D	5%
Rate of Construction	
Warehouse/Distribution	Up 30%
Manufacturing	Up 30%
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Up 20%
Manufacturing	Up 18%
High Tech/R&D	Up 4%
Dollar Volume - Leases	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Down 5%

Note - Compared to a year ago

Market Inventory
Corpus Christi



1989 Review

Good times in the petrochemical industry sparked demand from suppliers and service companies. Presently four million dollars in petrochemical plant expansions are underway, a significant amount of growth in this eight million sq. ft. market. Corpus Christi is the nearest port for the thriving Maquila industry along the Texas-Mexico border, and the market is positioning itself as a service center for the twin-plant sector. Bulk cargo facilities presented additional requirements to the market, supplementing the already solid grain and cotton export volumes.

1990 Forecast

The establishment of new U.S. Navy facilities in Corpus Christi in 1991 is the most important change locally. While no speculative development has yet begun, this boost to the area's economy has put several projects on the drawing board. As is the case elsewhere in Texas, business confidence is returning after the slump of the 80s. Tight money market conditions, though, will keep seller financing part of the picture in 1990.

Dallas, Texas: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	n/a	250,000,000
Vacant	n/a	27,500,000
Vacancy Rates	n/a	11.0%
Under Construction	n/a	500,000
Net Absorption	n/a	1,500,000

Prime Source of Financing:
Insurance Companies

Mortgage Money Supply:
Moderate

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	n/a	40.00
5,000 to 19,999 sf	n/a	35.00
20,000 to 39,999 sf	n/a	30.00
40,000 to 59,999 sf	n/a	28.00
60,000 to 99,999 sf	n/a	26.00
More than 100,000 sf	n/a	25.00
High Tech/R&D	n/a	40.00

Construction Costs	
Less than 5,000 sf	24.00
5,000 to 19,999 sf	21.50
20,000 to 39,999 sf	16.00
40,000 to 59,999 sf	14.00
60,000 to 99,999 sf	13.00
More than 100,000 sf	12.50
High Tech/R&D	35.00

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	n/a	4.00
5,000 to 19,999 sf	n/a	3.45
20,000 to 39,999 sf	n/a	3.20
40,000 to 59,999 sf	n/a	3.15
60,000 to 99,999 sf	n/a	3.00
More than 100,000 sf	n/a	3.00
High Tech/R&D	n/a	5.50

Vacancy Indicators	
Less than 5,000 sf	Balanced Market
5,000 to 19,999 sf	Moderate Oversupply
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Moderate Shortage
High Tech/R&D	Moderate Oversupply

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	n/a	3.50
2 to 5 Acres	n/a	3.35
5 to 10 Acres	n/a	3.00
More than 10 Acres	n/a	2.75
Unimproved Sites		
Less than 10 Acres	n/a	2.50
10 to 100 Acres	n/a	2.00
More than 100 Acres	n/a	1.50

Composition of Absorption	
Warehouse/Distribution	80%
Manufacturing	15%
High Tech/R&D	5%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Down 5%
Dollar Volume - Sales	
Warehouse/Distribution	Up 5%
Manufacturing	Same
High Tech/R&D	Down 5%
Dollar Volume - Leases	
Warehouse/Distribution	Up 5%
Manufacturing	Up 3%
High Tech/R&D	Same

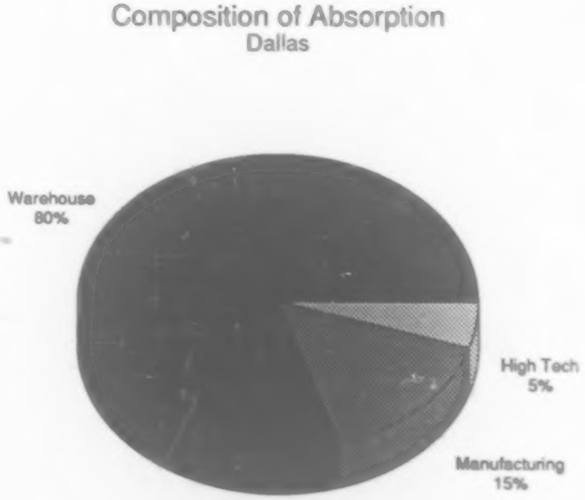
Note - Compared to a year ago

Demographics

		Rank
Population:	2,541,628	11
Population Growth Rate:	2.94%	
Unemployment Rate:	5.20%	
Median Household Income:	$34,649	17
Cost of Living Index:	103.8	17

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Down 5%
Lease Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Same
Site Prices	Same
Absorption	
Warehouse/Distribution	Up 7%
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Up 7%
Dollar Volume - Leases	Up 5%



1989 Review

Net absorption of 1.5 million sq. ft. kept the Dallas area vacancy rate at 11 percent during 1989, with leasing activity up moderately in the bulk-distribution category. Sales prices below replacement costs and the availability of financing caused sales activity to increase from 1988. Foreign investment, particularly from Canada increased.

1990 Forecast

The resumption of economic growth in Texas and the multiplier effect of corporate relocations (Exxon, J.C. Penney, and Fujitsu) could prompt some speculative warehouse construction in the second half of 1990. In the main, though, pre-leasing will be required. Difficulties in Texas banking are causing financing to be tight, and RTC activities will affect Texas more than any other state during the coming year.

Dayton, Ohio: Industrial

Dayton-Springfield SMSA including Clark, Greene, Miami, and Montgomery Counties

Market Data

Inventory (sf)	Central City	Suburban
Total	8,500,000	36,500,000
Vacant	670,000	5,000,000
Vacancy Rates	7.9%	13.7%
Under Construction	100,000	500,000
Net Absorption	100,000	400,000

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Ample

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	30.00-35.00	30.00-35.00
5,000 to 19,999 sf	23.00-25.00	23.00-25.00
20,000 to 39,999 sf	20.00-25.00	20.00-25.00
40,000 to 59,999 sf	18.00-23.00	18.00-23.00
60,000 to 99,999 sf	15.00-17.00	15.00-17.00
More than 100,000 sf	12.00-16.00	12.00-16.00
High Tech/R&D	-	35.00-40.00

Construction Costs	
Less than 5,000 sf	40.00
5,000 to 19,999 sf	35.00
20,000 to 39,999 sf	22.00-32.00
40,000 to 59,999 sf	22.00-27.00
60,000 to 99,999 sf	18.00-22.00
More than 100,000 sf	15.00-17.00
High Tech/R&D	35.00-40.00

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	4.50	5.50
5,000 to 19,999 sf	3.50	3.50
20,000 to 39,999 sf	2.75	3.00-3.25
40,000 to 59,999 sf	2.25	2.75-3.00
60,000 to 99,999 sf	2.00	2.50
More than 100,000 sf	-	2.50
High Tech/R&D	-	9.50

Vacancy Indicators	
Less than 5,000 sf	Moderate Shortage
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Moderate Oversupply
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Moderate Shortage
High Tech/R&D	Balanced Market

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	0.75-2.00	0.75-2.00
2 to 5 Acres	1.00-2.00	0.75-1.50
5 to 10 Acres	-	0.50-1.50
More than 10 Acres	-	0.30-0.75
Unimproved Sites		
Less than 10 Acres	-	0.25
10 to 100 Acres	-	0.20
More than 100 Acres	-	0.15

Composition of Absorption	
Warehouse/Distribution	40%
Manufacturing	30%
High Tech/R&D	30%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same

Note - Compared to a year ago

Demographics

		Rank
Population:	947,522	43
Population Growth Rate:	0.06%	
Unemployment Rate:	4.60%	
Median Household Income:	$30,060	44
Cost of Living Index:	101.1	33

Outlook

Sales Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Up 5%
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Site Prices	Up 5%
Absorption	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Up 5%
Dollar Volume - Sales	Up 5%
Dollar Volume - Leases	Up 5%

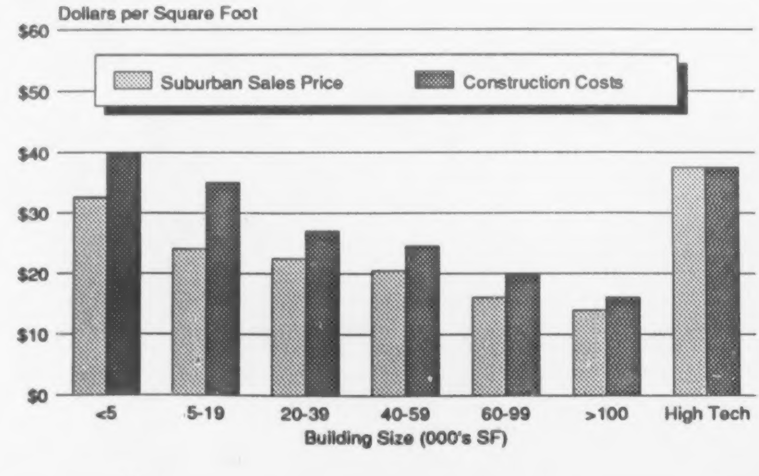
1989 Review

Leasing demand in the Dayton area was strongest in the mid-sized category of 20,000 - 30,000 sq. ft., but was weaker for facilities 75,000 sq. ft. and up. Excellent diversification was evident in the balanced composition of absorption. Rental rates and sales prices were stable, supported by the close matching of new inventory to new absorption. Consolidated Freight's acquisition of Emory Air Freight resulted in the relocation of functions into the Dayton area.

1990 Forecast

Sales prices for all industrial categories are expected to move up a notch during 1990. Significant development of new facilities is occurring south of Dayton. The metro area's Fortune 500 companies (including NCR, Mead Corp., Navistar and Philips Industries) are stimulating additional facilities requirements. The presence of Wright Patterson Air Force Base - the world's largest air base - supports the area's unusually large and strong R&D market. The realignment of the defense budget may lead to some layoffs at the base itself, but will bring some compensating expansions for outside contractors.

Sales Prices vs. Construction Costs
Dayton



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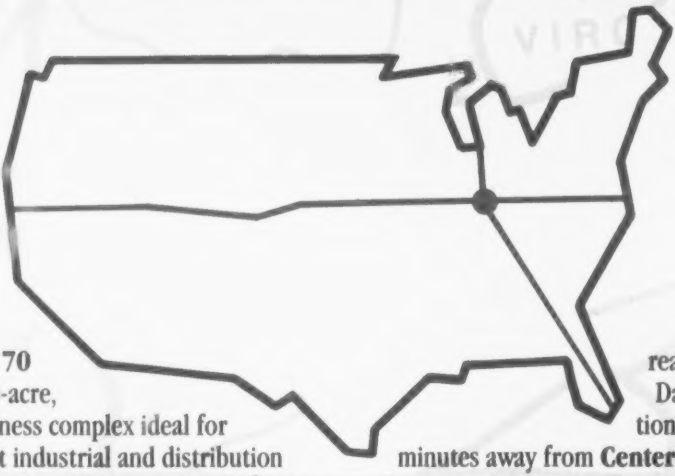
Center Point



Center Point 70 is a prime 300-acre, multi-use business complex ideal for high-tech, light industrial and distribution uses. It is located on I-70 near the I-70/I-75 interchange, one of the most strategic locations in the country.

At the "Crossroads of America," **Center Point 70** offers outstanding transportation convenience and rapid access to major U.S. and world markets. Most major cities in the East, South and Midwest can be reached within one day's drive. In just 90 minutes, nearly 75% of the U.S. population and over 50% of the Canadian population can be reached from the Dayton International Airport, just minutes away from **Center Point 70.** Few other locations offer such easy access to so many major markets.

Center Point 70 is the right location for your business. Individual sites are custom designed and landscaped. With 300 acres available, there's potential for your future expansion and growth.

Contact Marvin Marcus at Miller-Valentine Group, and he will help you put your business at the "Crossroads of America."

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Denver, Colorado: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	30,162,100	90,345,800
Vacant	5,159,300	11,739,500
Vacancy Rates	17.1%	13.0%
Under Construction	0	224,000
Net Absorption	9,600	2,582,700

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	30.00	-
5,000 to 19,999 sf	25.00-35.00	-
20,000 to 39,999 sf	22.00-26.00	-
40,000 to 59,999 sf	18.00-22.00	-
60,000 to 99,999 sf	18.00-22.00	-
More than 100,000 sf	14.00-20.00	-
High Tech/R&D	30.00-50.00	-

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	2.25-3.25	-
5,000 to 19,999 sf	2.00-3.00	-
20,000 to 39,999 sf	1.50-2.20	-
40,000 to 59,999 sf	1.50-2.20	-
60,000 to 99,999 sf	1.25-2.00	-
More than 100,000 sf	1.25-2.00	-
High Tech/R&D	3.75-5.25	-

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	4.00	2.25
2 to 5 Acres	3.50	2.00
5 to 10 Acres	3.00	1.75
More than 10 Acres	3.00	1.50
Unimproved Sites		
Less than 10 Acres	3.00	1.25
10 to 100 Acres	2.50	1.00
More than 100 Acres	2.00	0.75

Prime Source of Financing:
Commercial Banks, Mortgage Bankers

Mortgage Money Supply:
Moderate

Construction Costs	
Less than 5,000 sf	28.00
5,000 to 19,999 sf	25.00
20,000 to 39,999 sf	20.00
40,000 to 59,999 sf	20.00
60,000 to 99,999 sf	18.00
More than 100,000 sf	18.00
High Tech/R&D	35.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Shortage
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Moderate Oversupply
More than 100,000 sf	Moderate Oversupply
High Tech/R&D	Substantial Oversupply

Composition of Absorption	
Warehouse/Distribution	88%
Manufacturing	0%
High Tech/R&D	12%
Rate of Construction	
Warehouse/Distribution	Up 100%
Manufacturing	Up 100%
High Tech/R&D	Up 100%
Dollar Volume - Sales	
Warehouse/Distribution	Up 10-15%
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Up 10-15%
Manufacturing	Same
High Tech/R&D	Same

Note - Compared to a year ago

Demographics

		Rank
Population:	1,662,442	21
Population Growth Rate:	1.70%	
Unemployment Rate:	4.20%	
Median Household Income:	$34,997	14
Cost of Living Index:	101.5	29

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Site Prices	Same
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Up 10-15%
Dollar Volume - Leases	Up 10-15%

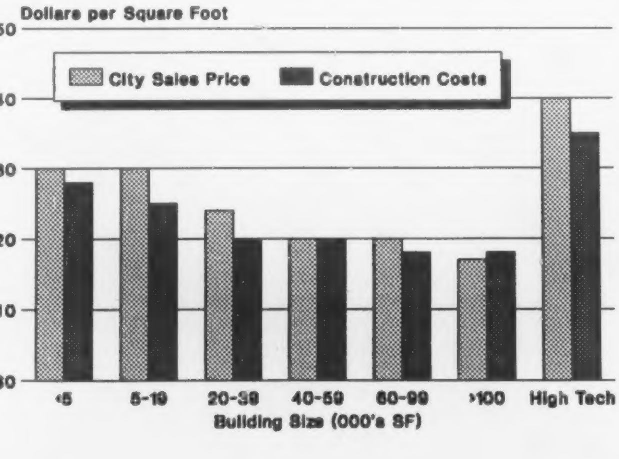
1989 Review

Industrial property appears to be the first sector recovering from Denver's real estate market distress. With construction at a halt and 1989 absorption at 2.6 million sq. ft., the market's overall vacancy rate dropped to 14 percent. Spot space shortages are cropping up in the small unit categories. Denver's industrial market remained at bargain levels, though, in terms of rents, sales prices and development costs.

1990 Forecast

Denver is the only U.S. city with plans for a new airport during the 1990s. With ground now broken, the first sign of its influence has been in the price rise of industrially-zoned but unimproved land. Denver's rebound is still going to take years to accomplish, and the outlook for 1990 is for only a very gradual improvement in the market's balance.

Sales Prices vs. Construction Costs
Denver



Des Moines, Iowa: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	14,000,000	12,750,000
Vacant	2,300,000	800,000
Vacancy Rates	16.4%	6.3%
Under Construction	50,000	200,000
Net Absorption	250,000	550,000

Prime Source of Financing:
Insurance Companies

Mortgage Money Supply:
Ample

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	22.00	22.00
5,000 to 19,999 sf	17.00	17.00
20,000 to 39,999 sf	15.00	15.00
40,000 to 59,999 sf	14.00	14.00
60,000 to 99,999 sf	13.00	13.00
More than 100,000 sf	-	-
High Tech/R&D	-	-

Construction Costs	
Less than 5,000 sf	30.00
5,000 to 19,999 sf	28.00
20,000 to 39,999 sf	26.00
40,000 to 59,999 sf	22.00
60,000 to 99,999 sf	-
More than 100,000 sf	-
High Tech/R&D	38.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	4.00	3.50
5,000 to 19,999 sf	2.75	2.75
20,000 to 39,999 sf	2.25	2.25
40,000 to 59,999 sf	1.75	1.75
60,000 to 99,999 sf	-	-
More than 100,000 sf	-	-
High Tech/R&D	6.00	6.00

Vacancy Indicators	
Less than 5,000 sf	Substantial Shortage
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Moderate Shortage
40,000 to 59,999 sf	Moderate Shortage
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Moderate Shortage
High Tech/R&D	Balanced Market

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	1.50	1.40
2 to 5 Acres	1.35	1.30
5 to 10 Acres	1.25	1.10
More than 10 Acres	0.80	0.70
Unimproved Sites		
Less than 10 Acres	0.30	0.30
10 to 100 Acres	0.30	0.25
More than 100 Acres	n/a	0.20

Composition of Absorption	
Warehouse/Distribution	45%
Manufacturing	5%
High Tech/R&D	50%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Up 15%
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Up 15%
Manufacturing	Up 5%
High Tech/R&D	Up 5%

Note - Compared to a year ago

Demographics

		Rank
Population:	392,849	83
Population Growth Rate:	0.74%	
Unemployment Rate:	3.80%	
Median Household Income:	$33,648	20
Cost of Living Index:	103.2	18

Outlook

Sales Prices	
Warehouse/Distribution	Up 10%
Manufacturing	Up 10%
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Up 10%
Manufacturing	Up 10%
High Tech/R&D	Up 5%
Site Prices	Same
Absorption	
Warehouse/Distribution	Down 10%
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Same
Dollar Volume - Leases	Same

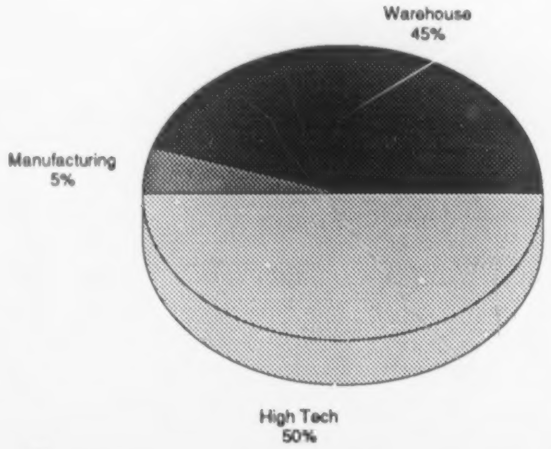
1989 Review

With 800,000 sq. ft. of net absorption in 1989, total industrial vacancies in Des Moines were reduced to 11.6 percent and fell to 6.3 percent for modern suburban space. Fully half of industrial demand was for R&D facilities, and small users (20,000 sq. ft. and below) were the most active in the market. Growth is being driven by local business expansion and is not dependent upon unpredictable relocation activity.

1990 Forecast

Des Moines is enjoying vigorous economic expansion, and this in turn is spurring population growth and real estate demand in the region. Positive expectations prevail for Des Moines in the Nineties. This year, construction activity will be concentrated upon office/warehouse ("Flex") space and smaller industrial buildings. Rental increases of five to 10 percent are projected. Most importantly, Des Moines continues to diversify as a business center with finance, medicine and government contributing to the area's vitality.

Composition of Absorption
Des Moines



Detroit, Michigan: Industrial

Detroit-Central City

Market Data

Inventory (sf)	Central City	Suburban
Total	170,000,000	-
Vacant	10,000,000	-
Vacancy Rates	5.9%	-
Under Construction	1,000,000	-
Net Absorption	1,000,000	-

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	10.00-20.00	-
5,000 to 19,999 sf	10.00-20.00	-
20,000 to 39,999 sf	5.00-10.00	-
40,000 to 59,999 sf	5.00-10.00	-
60,000 to 99,999 sf	4.00-10.00	-
More than 100,000 sf	4.00-10.00	-
High Tech/R&D	-	-

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	3.50-4.00	-
5,000 to 19,999 sf	3.50-4.00	-
20,000 to 39,999 sf	3.50-4.00	-
40,000 to 59,999 sf	2.50-3.00	-
60,000 to 99,999 sf	2.50-3.00	-
More than 100,000 sf	2.00-3.00	-
High Tech/R&D	-	-

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	2.50	-
2 to 5 Acres	2.00	-
5 to 10 Acres	1.50	-
More than 10 Acres	1.00	-
Unimproved Sites		
Less than 10 Acres	-	-
10 to 100 Acres	-	-
More than 100 Acres	-	-

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	32.00
5,000 to 19,999 sf	32.00
20,000 to 39,999 sf	30.00
40,000 to 59,999 sf	28.00
60,000 to 99,999 sf	28.00
More than 100,000 sf	28.00
High Tech/R&D	n/a

Vacancy Indicators	
Less than 5,000 sf	Moderate Oversupply
5,000 to 19,999 sf	Moderate Oversupply
20,000 to 39,999 sf	Moderate Oversupply
40,000 to 59,999 sf	Moderate Oversupply
60,000 to 99,999 sf	Moderate Oversupply
More than 100,000 sf	Moderate Oversupply
High Tech/R&D	n/a

Composition of Absorption	
Warehouse/Distribution	2%
Manufacturing	98%
High Tech/R&D	0%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same

Note - Compared to a year ago

Demographics

		Rank
Population:	4,380,650	6
Population Growth Rate:	-0.27%	
Unemployment Rate:	7.90%	
Median Household Income:	$34,701	16
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Site Prices	Same
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Same
Dollar Volume - Leases	Same

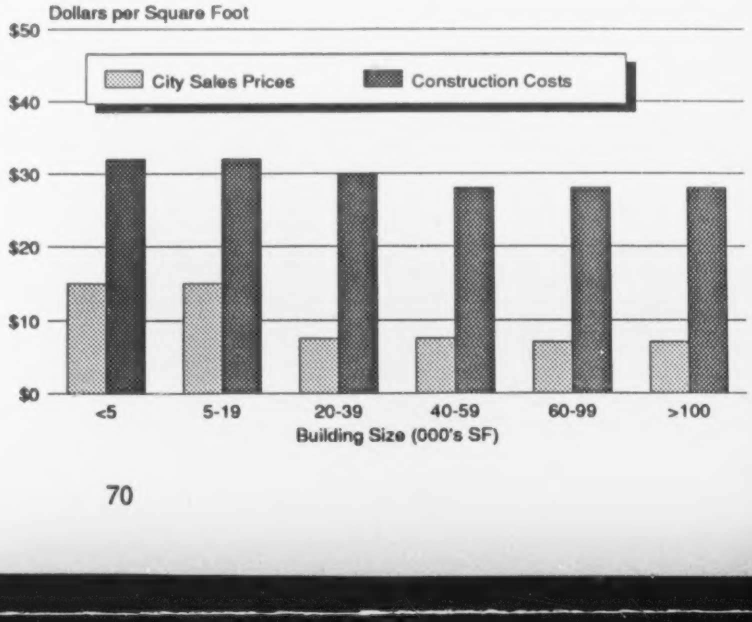
1989 Review

The past year saw little movement in the Detroit central city industrial market, and SIOR's reporters continued to label the market as "stagnant." The vacancy rate edged down over the year from 7.6 percent to 5.9 percent, but this is a deceptive indicator of the market's vitality. At current absorption rates, there are still many years of supply available. Furthermore, the 170 million sq. ft. market inventory includes a great deal of owner-occupied space. All things considered, Detroit was judged to be an oversupplied market.

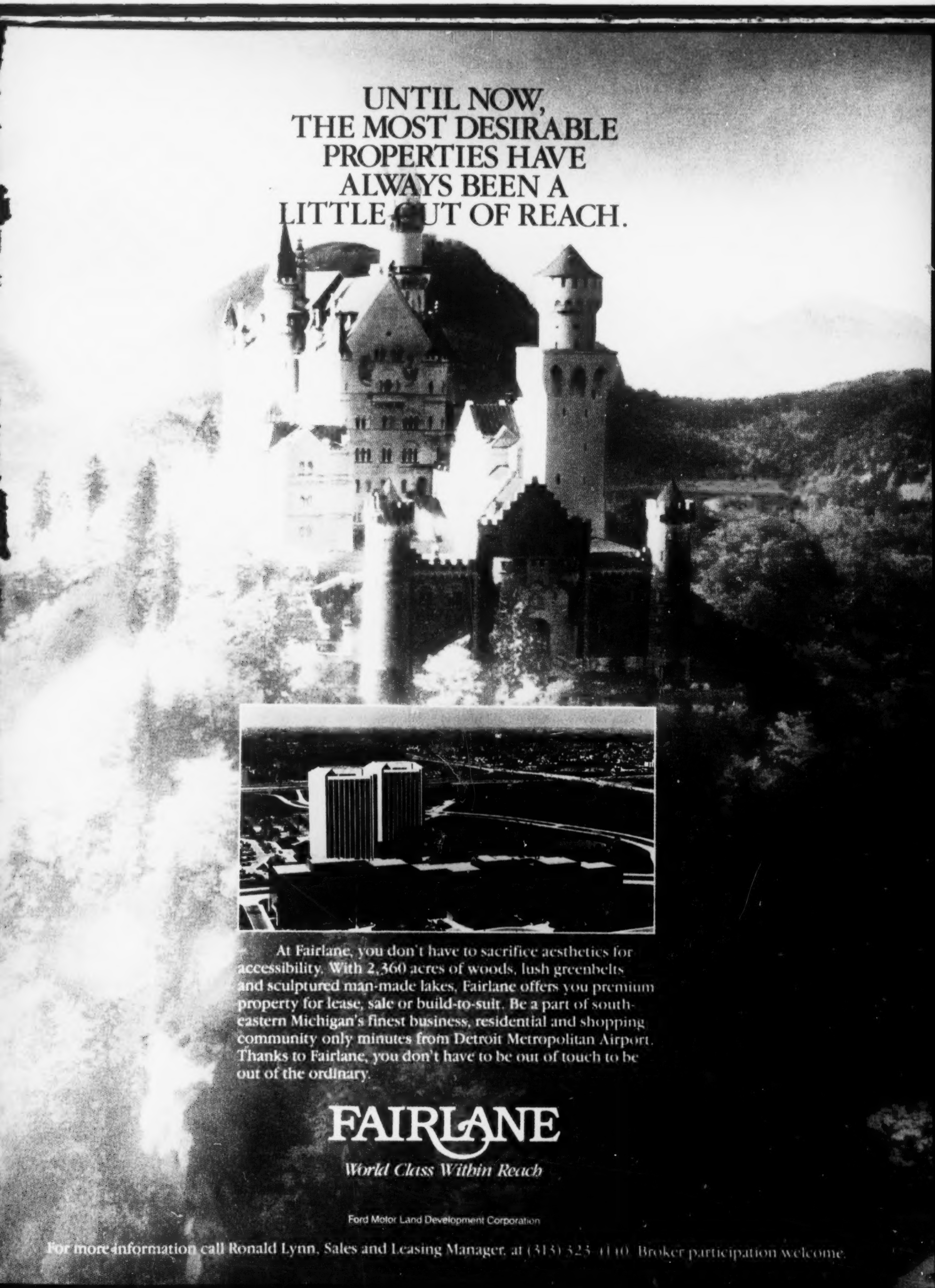
1990 Forecast

The market is expected to see only marginal change and should finish the year in much the same shape as it entered 1990. The more active suburban market is reaping the benefits of the improving Michigan economy and the large import/export volumes with Canada under the Free Trade Agreement.

City Sales Prices vs. Construction Costs
Detroit



UNTIL NOW, THE MOST DESIRABLE PROPERTIES HAVE ALWAYS BEEN A LITTLE OUT OF REACH.



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El Paso, Texas: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	29,733,783	-
Vacant	1,951,383	-
Vacancy Rates	6.6%	-
Under Construction	1,671,000	-
Net Absorption	2,044,917	-

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	25.00	-
5,000 to 19,999 sf	25.00	-
20,000 to 39,999 sf	25.00	-
40,000 to 59,999 sf	23.00	-
60,000 to 99,999 sf	20.00	-
More than 100,000 sf	20.00	-
High Tech/R&D	32.00	-

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	3.75	-
5,000 to 19,999 sf	3.25	-
20,000 to 39,999 sf	2.90	-
40,000 to 59,999 sf	2.80	-
60,000 to 99,999 sf	2.80	-
More than 100,000 sf	2.65	-
High Tech/R&D	n/a	-

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	3.00	-
2 to 5 Acres	2.75	-
5 to 10 Acres	1.75	-
More than 10 Acres	1.35	-
Unimproved Sites		
Less than 10 Acres	0.75	-
10 to 100 Acres	0.50	-
More than 100 Acres	0.20	-

Prime Source of Financing:
Insurance Companies

Mortgage Money Supply:
Moderate

Construction Costs	
Less than 5,000 sf	22.50
5,000 to 19,999 sf	21.00
20,000 to 39,999 sf	18.50
40,000 to 59,999 sf	17.00
60,000 to 99,999 sf	17.00
More than 100,000 sf	15.00
High Tech/R&D	32.00

Vacancy Indicators	
Less than 5,000 sf	Substantial Shortage
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Moderate Shortage
40,000 to 59,999 sf	Moderate Shortage
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Moderate Oversupply
High Tech/R&D	Balanced Market

Composition of Absorption	
Warehouse/Distribution	80%
Manufacturing	20%
High Tech/R&D	0%
Rate of Construction	
Warehouse/Distribution	Up 30%
Manufacturing	Up 30%
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Same

Note - Compared to a year ago

1989 Review

Absorption outpaced new construction by 22 percent in 1989, and this west Texas market is tight at a 6.6 percent vacancy rate. Rents rose $0.15 - $0.25 per sq. ft. during the year, while other market measures remained stable. The Maquila industry was the prime reason for El Paso's industrial growth. Its sister city (Juarez, Mexico) has 300 of the total of 1,600 maquiladores, and employs some 200,000 workers. Goods are manufactured in Mexico and distributed from El Paso.

1990 Forecast

Several large speculative buildings will be brought to market in 1990, easing some of the supply-side pressure. More manufacturing space demand is foreseen, improving the balance in the composition of absorption. Even El Paso, however, is not immune from Texas' statewide difficulties. Local banks, now controlled by out-of-state holding companies, are approaching real estate lending with an attitude SIOR's local correspondent terms "ultraconservative."

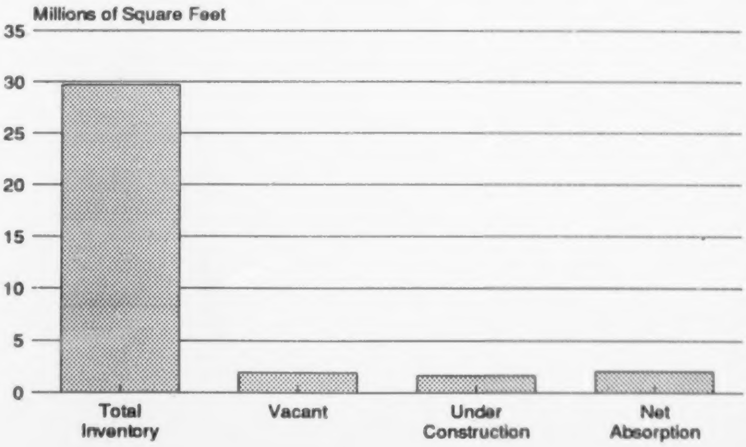
Demographics

		Rank
Population:	585,178	65
Population Growth Rate:	2.23%	
Unemployment Rate:	9.80%	
Median Household Income:	$22,446	95
Cost of Living Index:	97.8	45

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Same
Site Prices	Same
Absorption	
Warehouse/Distribution	Up 5%
Manufacturing	Up 10%
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Up 10%
Manufacturing	Up 15%
High Tech/R&D	Same
Dollar Volume - Sales	Up 15%
Dollar Volume - Leases	Up 5%

Central City Market Inventory
El Paso



Fort Lauderdale, Florida: Industrial

Broward and Southern Palm Beach County

Market Data

Inventory (sf)	Central City	Suburban
Total	-	50,000,000
Vacant	-	6,000,000
Vacancy Rates	-	12.0%
Under Construction	-	2,000,000
Net Absorption	-	3,000,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	55.00-65.00
5,000 to 19,999 sf	-	45.00-55.00
20,000 to 39,999 sf	-	35.00-45.00
40,000 to 59,999 sf	-	35.00-45.00
60,000 to 99,999 sf	-	35.00-45.00
More than 100,000 sf	-	35.00-45.00
High Tech/R&D	-	60.00-70.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	5.00-6.00
5,000 to 19,999 sf	-	4.50-5.50
20,000 to 39,999 sf	-	4.00-5.00
40,000 to 59,999 sf	-	4.00-5.00
60,000 to 99,999 sf	-	3.50-4.50
More than 100,000 sf	-	3.25-4.25
High Tech/R&D	-	6.00-9.00

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	-	5.00-7.00
2 to 5 Acres	-	4.50-6.00
5 to 10 Acres	-	4.00-5.00
More than 10 Acres	-	4.00-5.00
Unimproved Sites		
Less than 10 Acres	-	3.50-4.50
10 to 100 Acres	-	2.00-3.50
More than 100 Acres	-	2.00-3.50

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	35.00
5,000 to 19,999 sf	30.00
20,000 to 39,999 sf	25.00
40,000 to 59,999 sf	25.00
60,000 to 99,999 sf	20.00-25.00
More than 100,000 sf	20.00
High Tech/R&D	40.00-60.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Oversupply
5,000 to 19,999 sf	Moderate Oversupply
20,000 to 39,999 sf	Moderate Oversupply
40,000 to 59,999 sf	Moderate Oversupply
60,000 to 99,999 sf	Moderate Oversupply
More than 100,000 sf	Balanced Market
High Tech/R&D	Substantial Oversupply

Composition of Absorption	
Warehouse/Distribution	60%
Manufacturing	30%
High Tech/R&D	10%
Rate of Construction	
Warehouse/Distribution	Up 5%
Manufacturing	Same
High Tech/R&D	Down 10%
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Up 5-10%
High Tech/R&D	Down 10%
Dollar Volume - Leases	
Warehouse/Distribution	Down 10%
Manufacturing	Same
High Tech/R&D	Down 10%

Note - Compared to a year ago

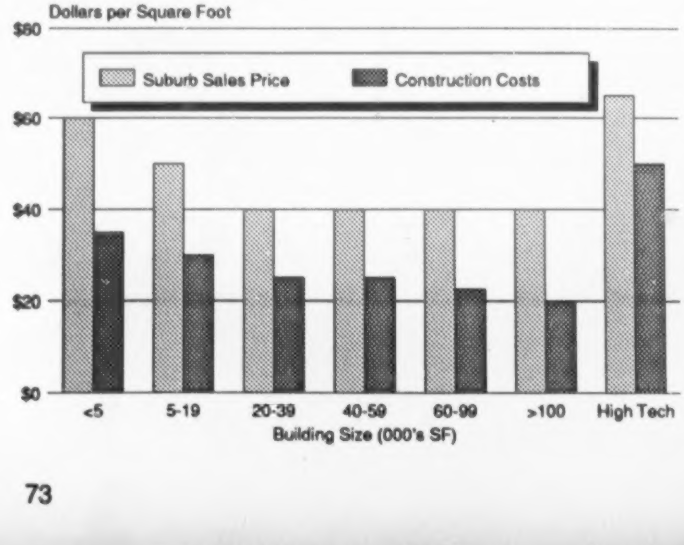
Demographics

		Rank
Population:	n/a	n/a
Population Growth Rate:	n/a	
Unemployment Rate:	5.20%	
Median Household Income:	n/a	n/a
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Down 10%
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Down 10%
Site Prices	Same
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Down 10%
Construction	
Warehouse/Distribution	Up 10%
Manufacturing	Same
High Tech/R&D	Down 10%
Dollar Volume - Sales	Same
Dollar Volume - Leases	Same

Sales Prices vs. Construction Costs
Fort Lauderdale



1989 Review

South Florida is finding construction outrunning the pace of absorption, leading to a 12 percent industrial vacancy rate at the close of 1989. The market was oversupplied in virtually all size categories, with R&D space the most severely distressed. Recent improvements at the airport, activity at Port Everglades, and the completion of the local I-95 link stimulated speculative development in anticipation of additional growth in demand.

1990 Forecast

1990 is expected to be a flat year. A slowdown in residential construction will ripple through the warehouse market. High-tech firms face another weak year, and the market must contend with banks seeking to unload their foreclosed properties and (of course) the Resolution Trust Corp. portfolio. Despite all this, the outlook for new warehouse construction is up 10 percent, with three-fifths of the activity concentrated in southwest Broward County.

Fort Smith, Arkansas: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	20,000,000	n/a
Vacant	200,000	150,000
Vacancy Rates	1.0%	n/a
Under Construction	50,000	25,000
Net Absorption	200,000	100,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	20.00	22.00
5,000 to 19,999 sf	17.50	20.00
20,000 to 39,999 sf	15.00	17.50
40,000 to 59,999 sf	13.75	15.00
60,000 to 99,999 sf	13.75	15.00
More than 100,000 sf	12.50	15.00
High Tech/R&D	n/a	n/a

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	2.00	2.50
5,000 to 19,999 sf	1.75	2.25
20,000 to 39,999 sf	1.75	2.25
40,000 to 59,999 sf	1.50	2.00
60,000 to 99,999 sf	1.50	2.00
More than 100,000 sf	1.25	1.75
High Tech/R&D	n/a	n/a

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	1.50	1.50
2 to 5 Acres	1.25	1.25
5 to 10 Acres	1.15	1.15
More than 10 Acres	1.00	1.00
Unimproved Sites		
Less than 10 Acres	0.75	0.75
10 to 100 Acres	0.60	0.60
More than 100 Acres	0.50	0.50

Prime Source of Financing:
Insurance Companies, Commercial Banks, Pension Funds, Owner Financing
Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	15.00
5,000 to 19,999 sf	12.50
20,000 to 39,999 sf	11.50
40,000 to 59,999 sf	11.00
60,000 to 99,999 sf	10.50
More than 100,000 sf	10.00
High Tech/R&D	n/a

Vacancy Indicators	
Less than 5,000 sf	Balanced Market
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Moderate Shortage
40,000 to 59,999 sf	Moderate Shortage
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Moderate Shortage
High Tech/R&D	n/a

Composition of Absorption	
Warehouse/Distribution	75%
Manufacturing	25%
High Tech/R&D	0%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	n/a
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	n/a
Dollar Volume - Leases	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	n/a

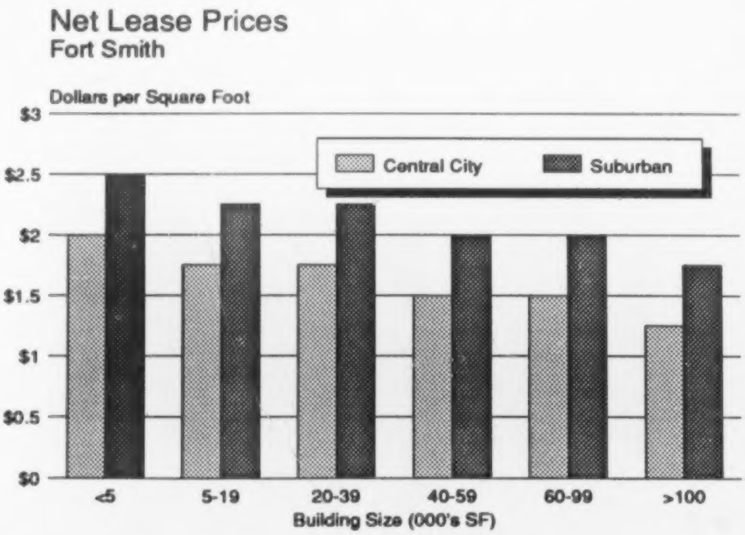
Note - Compared to a year ago

Demographics

		Rank
Population:	181,285	97
Population Growth Rate:	1.20%	
Unemployment Rate:	6.90%	
Median Household Income:	$22,402	96
Cost of Living Index:	90.5	72

Outlook

Sales Prices	
Warehouse/Distribution	Up 5-10%
Manufacturing	Up 5-10%
High Tech/R&D	n/a
Lease Prices	
Warehouse/Distribution	Up 1-5%
Manufacturing	Up 1-5%
High Tech/R&D	n/a
Site Prices	Up 1-5%
Absorption	
Warehouse/Distribution	Up 5-10%
Manufacturing	Up 5-10%
High Tech/R&D	n/a
Construction	
Warehouse/Distribution	Up 5-10%
Manufacturing	Up 5-10%
High Tech/R&D	n/a
Dollar Volume - Sales	Up 5-10%
Dollar Volume - Leases	Up 5-10%



1989 Review

Supply shortages in most categories of leasable space inhibited absorption in 1989. The Fort Smith economy is based upon durable goods production, big ticket items such as appliances and furniture, and industrial production in fiberglass and steel. Almost all of the available inventory was leased or purchased, and interest in relocating to the area was active.

1990 Forecast

Despite the market's tightness, there is little speculative construction being done. This means that new market entrants either have to erect their own facility or contract a built-to-suit development on a long-term lease. There will be a bit more flexibility in the market, as Whirlpool vacates its 300,000 sq. ft. facility during 1990. Some of the hesitancy in the growth of the market stems from a shortage of water, which will be remedied by the completion of a new lake in about two years.

Fort Wayne, Indiana: Industrial

Fort Wayne, Allen County, Indiana

Market Data

Inventory (sf)	Central City	Suburban
Total	n/a	30,000,000
Vacant	n/a	4,900,000
Vacancy Rates	n/a	16.3%
Under Construction	n/a	100,000
Net Absorption	n/a	1,496,415

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	17.00-30.00
5,000 to 19,999 sf	-	17.00-22.00
20,000 to 39,999 sf	-	15.00-20.00
40,000 to 59,999 sf	-	15.00-20.00
60,000 to 99,999 sf	-	12.00-18.00
More than 100,000 sf	-	12.00-14.00
High Tech/R&D	-	25.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	4.00-5.00
5,000 to 19,999 sf	-	3.00-4.00
20,000 to 39,999 sf	-	2.25-3.75
40,000 to 59,999 sf	-	2.00-3.00
60,000 to 99,999 sf	-	1.50-2.25
More than 100,000 sf	-	1.35-2.00
High Tech/R&D	-	5.00-7.00

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	-	0.75-1.00
2 to 5 Acres	-	0.60-0.75
5 to 10 Acres	-	0.50-0.75
More than 10 Acres	-	0.40-0.65
Unimproved Sites		
Less than 10 Acres	-	-
10 to 100 Acres	-	-
More than 100 Acres	-	-

Prime Source of Financing:
Insurance Companies, Commercial Banks

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	30.00-35.00
5,000 to 19,999 sf	22.00-30.00
20,000 to 39,999 sf	18.00-22.00
40,000 to 59,999 sf	16.00-20.00
60,000 to 99,999 sf	15.00-18.00
More than 100,000 sf	12.00-16.00
High Tech/R&D	33.00-45.00

Vacancy Indicators	
Less than 5,000 sf	Substantial Shortage
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Moderate Shortage
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Moderate Shortage
High Tech/R&D	Balanced Market

Composition of Absorption	
Warehouse/Distribution	70%
Manufacturing	25%
High Tech/R&D	5%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Down
Manufacturing	Down
High Tech/R&D	Down
Dollar Volume - Leases	
Warehouse/Distribution	Down
Manufacturing	Down
High Tech/R&D	Down

Note - Compared to a year ago

Demographics

		Rank
Population:	370,933	85
Population Growth Rate:	0.52%	
Unemployment Rate:	4.90%	
Median Household Income:	$29,538	53
Cost of Living Index:	96.3	58

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Site Prices	Same
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Same
Dollar Volume - Leases	Same

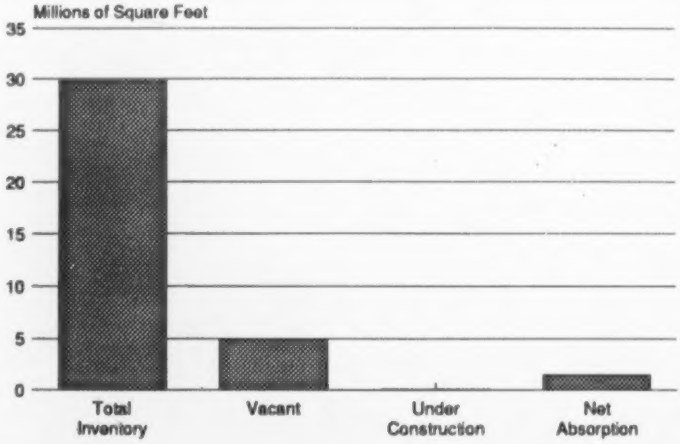
1989 Review

Data from the Fort Wayne market sent conflicting signals at the end of 1989. Vacancy appeared high at 16.3 percent, rents were flat, construction was slack, and most market indicators were down two percent over the course of the year. Nevertheless, SIOR's local respondent rates most size categories as supply-short, and the 1.5 million sq. ft. absorption rate would deplete availabilities rapidly if sustained.

1990 Forecast

Little movement is projected for this market in 1990. Speculative development is uneconomical, with construction costs outstripping building sales prices. Inventory is being upgraded by the rehabilitation of inefficient older properties. Contractions in the auto industry and in defense-related companies make this an "iffy" year for demand. The result is that the already stiff price competition may intensify this year.

Suburban Market Inventory
Fort Wayne



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1991 GUIDE

Fort Worth, Texas: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	-	5,000,000
Vacant	-	500,000
Vacancy Rates	-	10.0%
Under Construction	-	n/a
Net Absorption	-	n/a

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	20.00
5,000 to 19,999 sf	-	18.00
20,000 to 39,999 sf	-	16.00
40,000 to 59,999 sf	-	16.00
60,000 to 99,999 sf	-	15.00
More than 100,000 sf	-	14.00
High Tech/R&D	-	23.00

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	2.50
5,000 to 19,999 sf	-	2.30
20,000 to 39,999 sf	-	2.25
40,000 to 59,999 sf	-	2.25
60,000 to 99,999 sf	-	2.15
More than 100,000 sf	-	2.00
High Tech/R&D	-	3.25

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	-	2.50
2 to 5 Acres	-	2.00
5 to 10 Acres	-	1.75
More than 10 Acres	-	1.00
Unimproved Sites		
Less than 10 Acres	-	1.00
10 to 100 Acres	-	0.75
More than 100 Acres	-	0.50

Prime Source of Financing:
Owner Financing

Mortgage Money Supply:
Tight

Construction Costs	
Less than 5,000 sf	22.00
5,000 to 19,999 sf	20.00
20,000 to 39,999 sf	20.00
40,000 to 59,999 sf	18.00
60,000 to 99,999 sf	17.00
More than 100,000 sf	15.00
High Tech/R&D	26.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Oversupply
5,000 to 19,999 sf	Moderate Oversupply
20,000 to 39,999 sf	Moderate Oversupply
40,000 to 59,999 sf	Moderate Oversupply
60,000 to 99,999 sf	Moderate Oversupply
More than 100,000 sf	Balanced Market
High Tech/R&D	Moderate Oversupply

Composition of Absorption	
Warehouse/Distribution	40%
Manufacturing	40%
High Tech/R&D	20%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Up 10-15%
Manufacturing	Up 15-20%
High Tech/R&D	Up 10-15%
Dollar Volume - Leases	
Warehouse/Distribution	Up 10-15%
Manufacturing	Up 15-26%
High Tech/R&D	Up 10-15%

Note - Compared to a year ago

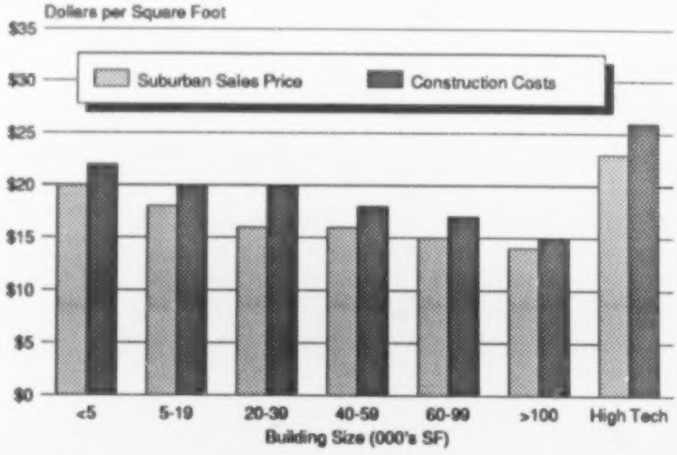
Demographics

		Rank
Population:	n/a	n/a
Population Growth Rate:	n/a	
Unemployment Rate:	n/a	
Median Household Income:	n/a	n/a
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Up 15%
Manufacturing	Up 10%
High Tech/R&D	Up 5%
Lease Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Up 8%
High Tech/R&D	Up 5%
Site Prices	Same
Absorption	
Warehouse/Distribution	Up 10%
Manufacturing	Up 15%
High Tech/R&D	Up 8%
Construction	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Up 5%
Dollar Volume - Sales	Up 25%
Dollar Volume - Leases	Up 20%

Sales Prices vs. Construction Costs
Fort Worth



1989 Review

Sales activity increased considerably during 1989, with users rather than passive investors being the more typical purchaser. Leasing activity also intensified, absorbing a substantial amount of vacant space. Still, this remained an oversupplied market in all size facilities with the exception of greater-than-100,000 sq. ft. buildings. Local expansions, led by Tandy Corp. and Alcon, contributed to space demand, and the Fort Worth market was helped by relocations from elsewhere in the U.S.

1990 Forecast

Rental rates and sales prices are not yet at the levels which would justify new construction, therefore, further leasing activity will materially reduce vacancies in 1990. The local defense industry, which has been strong, bears watching since it produces such controversial and expensive products as the B-2 Stealth bomber and the tilt-rotor V-22 Osprey. Ross Perot, Jr. is developing an industrially-oriented airport which is attracting corporate interest.

Fresno, California: Industrial

Fresno County

Market Data

Inventory (sf)	Central City	Suburban
Total	29,000,000	-
Vacant	1,200,000	-
Vacancy Rates	4.1%	-
Under Construction	400,000	-
Net Absorption	100,000	-

Prime Source of Financing:
Insurance Companies

Mortgage Money Supply:
Moderate

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	30.00	-
5,000 to 19,999 sf	25.00	-
20,000 to 39,999 sf	20.00	-
40,000 to 59,999 sf	19.00	-
60,000 to 99,999 sf	18.00	-
More than 100,000 sf	16.00	-
High Tech/R&D	35.00	-

Construction Costs	
Less than 5,000 sf	30.00
5,000 to 19,999 sf	25.00
20,000 to 39,999 sf	23.00
40,000 to 59,999 sf	20.00
60,000 to 99,999 sf	18.00
More than 100,000 sf	15.00
High Tech/R&D	35.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	4.20	-
5,000 to 19,999 sf	3.00	-
20,000 to 39,999 sf	2.76	-
40,000 to 59,999 sf	2.40	-
60,000 to 99,999 sf	2.16	-
More than 100,000 sf	2.04	-
High Tech/R&D	4.80	-

Vacancy Indicators	
Less than 5,000 sf	Moderate Oversupply
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Moderate Shortage
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Moderate Shortage
High Tech/R&D	Balanced Market

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	2.25	-
2 to 5 Acres	2.00	-
5 to 10 Acres	1.75	-
More than 10 Acres	1.50	-
Unimproved Sites		
Less than 10 Acres	1.25	-
10 to 100 Acres	1.00	-
More than 100 Acres	0.50	-

Composition of Absorption	
Warehouse/Distribution	50%
Manufacturing	40%
High Tech/R&D	10%
Rate of Construction	
Warehouse/Distribution	Down 75%
Manufacturing	Up 50%
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Down 10-15%
Manufacturing	Down 10-15%
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Down 15-20%
Manufacturing	Down 5%
High Tech/R&D	Same

Note - Compared to a year ago

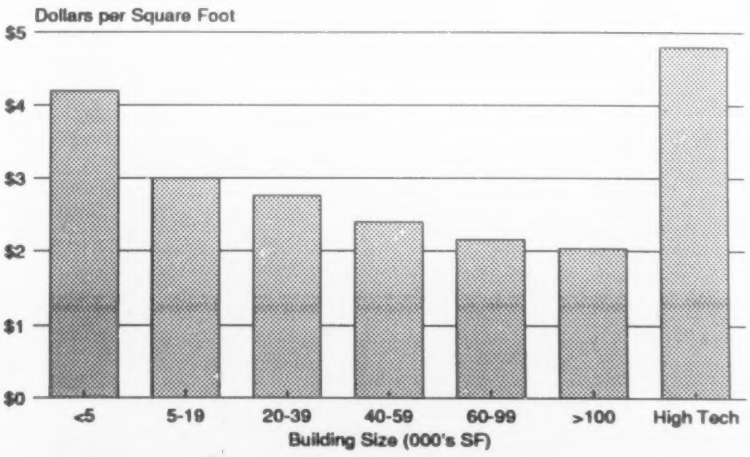
Demographics

		Rank
Population:	619,826	61
Population Growth Rate:	2.09%	
Unemployment Rate:	7.70%	
Median Household Income:	$24,046	90
Cost of Living Index:	108.7	12

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Site Prices	Up 5-10%
Absorption	
Warehouse/Distribution	Up 20-25%
Manufacturing	Up 30-40%
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Up 25-30%
Manufacturing	Up 10-20%
High Tech/R&D	Same
Dollar Volume - Sales	Up 10-15%
Dollar Volume - Leases	Up 10-15%

Central City Net Lease Prices
Fresno



1989 Review

Located in central California's San Joaquin Valley, Fresno's economy has traditionally been concentrated in its agricultural and food processing industries. Recently, the spillover effect of the strong Southern California and Bay Area economies encouraged price-conscious industries to look here. In 1989, there were far more inquiries than finalized deals, though, and net absorption was light. Some 400,000 sq. ft. of development is underway, the Freeway 99 corridor (the main north/south route through the valley) was the most active location.

1990 Forecast

Shortages in all facilities categories larger than 40,000 sq. ft. and an overall market vacancy rate of only 4.1 percent should cause some new speculative construction in 1990. The large percentage increases projected by SIOR's local reporter are plausible, given the small size of this market and the modest levels of construction and absorption achieved last year.

Central California's Industrial Real Estate Specialists...In Business Since 1919.

That's a claim very few companies can make, especially in the real estate business. But Pearson Realty can say it with pride, based on its reputation for integrity, service, and results for over 70 years.

With a staff of nearly 60 people, Pearson Realty has emerged through the years as the only locally owned real estate firm of its type, specializing in the industrial, commercial and farm areas of the San Joaquin Valley's real estate industry. Pearson Realty has two major departments:

Industrial-Commercial Department

Made up of six areas of specialization:

- *Industrial*
- *Apartment and Investment Property*
- *Appraisal for Industrial and Commercial Property*
- *Land*
- *Office*
- *Retail*

Staff of more than 25 people, dedicated to meeting clients' needs in:

- *Industrial parks*
- *Build-to-suit buildings*
- *Investment opportunities*
- *Leasing space and buildings large or small*
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The Industrial-Commercial Department has five staff members specializing in industrial sales and leasing.

Farm Department

- *More Accredited Land Consultant (ALC) members than any other farm office in the nation.*
- *Largest farm office in the state, with more than 20 agents working full time in farm and ranch sales throughout California.*
- *Leader in understanding the dynamics of farm economics and marketing.*
- *Farm Appraisal Division specialists evaluate and establish fair market values for raw and developed farmland.*

Pearson Realty is unique. A rare blend of tradition and the modern resources needed to meet today's challenging market needs...always mindful of its time-honored slogan..."*A Tradition in Trust Since 1919.*"

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2550
2550
PEARSON REALTY

Gary-Hammond-East Chicago, Indiana: Industrial

Includes Lake, Porter, and LaPorte Counties

Market Data

Inventory (sf)	Central City	Suburban
Total	30,000,000	10,000,000
Vacant	7,500,000	2,000,000
Vacancy Rates	25.0%	20.0%
Under Construction	0	500,000
Net Absorption	1,750,000	1,000,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	20.00-25.00	25.00-35.00
5,000 to 19,999 sf	15.00-20.00	25.00-30.00
20,000 to 39,999 sf	10.00-15.00	20.00-25.00
40,000 to 59,999 sf	8.00-10.00	15.00-20.00
60,000 to 99,999 sf	8.00-10.00	15.00-20.00
More than 100,000 sf	6.00-10.00	10.00-15.00
High Tech/R&D	-	-

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	2.50-2.75	3.50-3.75
5,000 to 19,999 sf	2.25-2.50	3.00-3.50
20,000 to 39,999 sf	2.00-2.25	2.50-3.00
40,000 to 59,999 sf	1.75-2.00	2.25-2.50
60,000 to 99,999 sf	1.75-2.00	2.00-2.25
More than 100,000 sf	1.75-2.00	2.00-2.25
High Tech/R&D	-	-

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	0.50-0.70	0.80-1.25
2 to 5 Acres	0.40-0.60	0.80-1.25
5 to 10 Acres	0.40-0.60	0.80-1.25
More than 10 Acres	0.35-0.50	0.80-1.25
Unimproved Sites		
Less than 10 Acres	0.35-0.50	0.45-0.60
10 to 100 Acres	0.35-0.50	0.45-0.60
More than 100 Acres	0.35-0.50	0.35-0.50

Demographics

		Rank
Population:	596,364	64
Population Growth Rate:	-0.83%	
Unemployment Rate:	5.10%	
Median Household Income:	$29,121	56
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Up 1-5%
Manufacturing	Up 1-5%
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Up 1-5%
Manufacturing	Up 1-5%
High Tech/R&D	n/a
Site Prices	Up 1-5%
Absorption	
Warehouse/Distribution	Up 1-5%
Manufacturing	Up 5-10%
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Up 5%
High Tech/R&D	Same
Dollar Volume - Sales	Up 5-10%
Dollar Volume - Leases	Up 5-10%

Prime Source of Financing:
Insurance Companies

Mortgage Money Supply:
Ample

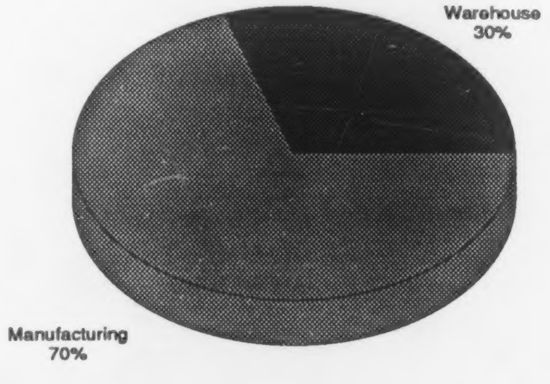
Construction Costs	
Less than 5,000 sf	37.00
5,000 to 19,999 sf	32.00-37.00
20,000 to 39,999 sf	32.00-37.00
40,000 to 59,999 sf	27.00-32.00
60,000 to 99,999 sf	27.00-32.00
More than 100,000 sf	27.00-32.00
High Tech/R&D	-

Vacancy Indicators	
Less than 5,000 sf	Moderate Shortage
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Moderate Oversupply
60,000 to 99,999 sf	Moderate Oversupply
More than 100,000 sf	Substantial Oversupply
High Tech/R&D	

Composition of Absorption	
Warehouse/Distribution	30%
Manufacturing	70%
High Tech/R&D	0%
Rate of Construction	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Up 10%
Manufacturing	Up 10%
High Tech/R&D	n/a

Note - Compared to a year ago

Composition of Absorption
Gary-Hammond-East Chicago



1989 Review

Industrial market demand is locally dependent upon the performance of steel manufacturing. The strongest sector of the local market consisted of high bay crane space, while demand for warehouse facilities was moderate. Market was oversupplied with the exception of smaller units. Absorption was concentrated in the production sector, diluting the effect on the 23.8 percent overall vacancy rate.

1990 Forecast

With a large existing inventory available and development costs high, little speculative construction can be anticipated in 1990. The regional outlook, heavily dependent upon steel, is cloudy. Rental rates and sales prices are expected to advance modestly, led by an increase in the absorption rate for manufacturing space.

Grand Rapids, Michigan: Industrial

Grand Rapids Metropolitan Area includes Kent and Ottawa Counties

Market Data

Inventory (sf)	
Total	58,000,000
Vacant	1,500,000
Vacancy Rates	2.6%
Under Construction	900,000
Net Absorption	700,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	25.00-35.00	25.00-35.00
5,000 to 19,999 sf	22.00-35.00	22.00-35.00
20,000 to 39,999 sf	20.00-25.00	20.00-25.00
40,000 to 59,999 sf	17.00-24.00	17.00-24.00
60,000 to 99,999 sf	17.00-24.00	17.00-24.00
More than 100,000 sf	14.00-18.00	14.00-18.00
High Tech/R&D	35.00-60.00	35.00-60.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	3.50-5.50	3.50-5.50
5,000 to 19,999 sf	3.25-4.75	3.25-4.75
20,000 to 39,999 sf	2.50-3.75	2.50-3.75
40,000 to 59,999 sf	2.25-3.25	2.25-3.25
60,000 to 99,999 sf	2.00-3.00	2.00-3.00
More than 100,000 sf	2.00-2.50	2.00-2.50
High Tech/R&D	-	-

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	1.00-2.00	1.40-1.60
2 to 5 Acres	1.00-2.00	1.40-1.60
5 to 10 Acres	n/a	1.00-1.25
More than 10 Acres	n/a	0.60-0.70
Unimproved Sites		
Less than 10 Acres	n/a	0.35-0.85
10 to 100 Acres	n/a	0.20-0.40
More than 100 Acres	n/a	0.08-0.18

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	25.00-35.00
5,000 to 19,999 sf	23.00-28.00
20,000 to 39,999 sf	19.00-27.00
40,000 to 59,999 sf	19.00-26.00
60,000 to 99,999 sf	18.00-22.00
More than 100,000 sf	16.00-20.00
High Tech/R&D	35.00-50.00

Vacancy Indicators	
Less than 5,000 sf	Balanced Market
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Moderate Shortage
40,000 to 59,999 sf	Moderate Shortage
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Substantial Shortage
High Tech/R&D	Moderate Oversupply

Composition of Absorption	
Warehouse/Distribution	40%
Manufacturing	50%
High Tech/R&D	10%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Up 5-10%
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Up 4-8%
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Same
Manufacturing	Up 5-9%
High Tech/R&D	Same

Note - Compared to a year ago

Demographics

		Rank
Population:	674,479	55
Population Growth Rate:	1.28%	
Unemployment Rate:	5.20%	
Median Household Income:	$30,520	39
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Up 2-5%
Manufacturing	Up 5-10%
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Up 2-5%
Manufacturing	Up 2-5%
High Tech/R&D	Same
Site Prices	Same
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Up 3-7%
Manufacturing	Up 3-7%
High Tech/R&D	Up 3-7%
Dollar Volume - Sales	Up 5-10%
Dollar Volume - Leases	Up 5-10%

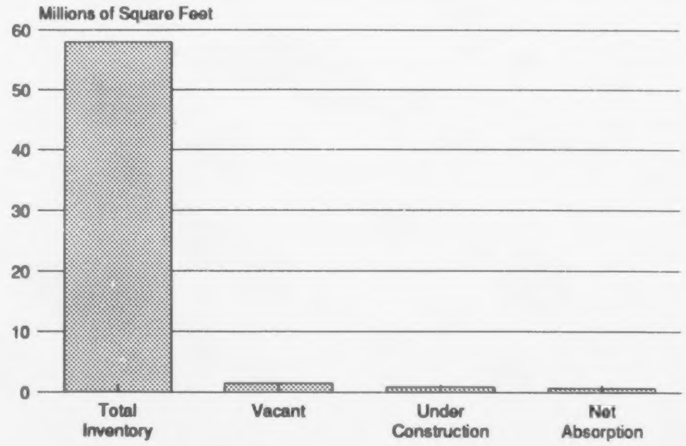
1989 Review

Grand Rapids has largely avoided the roller-coaster ride of the Michigan economy in the 80s because of its unusual industry mix. Grand Rapids specializes in the furniture and fabricated metals industries instead of autos. In fact, 35 percent of all office furniture manufactured in the U.S. originates here, produced by firms such as Steelcase, Herman Miller and Haworth. Availability in the industrial market dropped to 2.6 percent in 1989, down from three percent a year earlier. Good balance between production and distribution absorption continued to characterize the market.

1990 Forecast

Speculative development is not encouraged by Grand Rapids' lenders, and supply tends to be well-matched to current requirements. The forecast for new development is up three to seven percent in 1990. Most demand is generated by expansion needs. However outside relocations are starting to occur and a German firm has just taken a 30-acre site to develop for its own use. Clearly, the key indicator for the Grand Rapids industrial market will be the vitality of its primary customer group, the white collar business sector across the U.S.

Central City Market Inventory
Grand Rapids



Greensboro, North Carolina: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	-	20,000,000
Vacant	-	250,000
Vacancy Rates	-	1.3%
Under Construction	-	150,000
Net Absorption	-	750,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	27.00
5,000 to 19,999 sf	-	25.00
20,000 to 39,999 sf	-	22.00
40,000 to 59,999 sf	-	21.00
60,000 to 99,999 sf	-	19.00
More than 100,000 sf	-	17.00
High Tech/R&D	-	40.00

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	4.00
5,000 to 19,999 sf	-	3.50
20,000 to 39,999 sf	-	3.00
40,000 to 59,999 sf	-	2.85
60,000 to 99,999 sf	-	2.75
More than 100,000 sf	-	2.25
High Tech/R&D	-	5.50

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	2.00	1.40
2 to 5 Acres	-	1.30
5 to 10 Acres	-	1.15
More than 10 Acres	-	1.00
Unimproved Sites		
Less than 10 Acres	-	0.90
10 to 100 Acres	-	0.75
More than 100 Acres	-	-

Prime Source of Financing:
Pension Funds

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	27.00
5,000 to 19,999 sf	24.00
20,000 to 39,999 sf	22.00
40,000 to 59,999 sf	20.00
60,000 to 99,999 sf	19.00
More than 100,000 sf	17.50
High Tech/R&D	35.00

Vacancy Indicators	
Less than 5,000 sf	Balanced Market
5,000 to 19,999 sf	Moderate Oversupply
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Moderate Shortage
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Moderate Shortage
High Tech/R&D	Moderate Oversupply

Composition of Absorption	
Warehouse/Distribution	50%
Manufacturing	25%
High Tech/R&D	25%
Rate of Construction	
Warehouse/Distribution	Up 5%
Manufacturing	Down 10%
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Down 10%
High Tech/R&D	Down 5%
Dollar Volume - Leases	
Warehouse/Distribution	Up 7%
Manufacturing	Down 10%
High Tech/R&D	Down 5%

Note - Compared to a year ago

1989 Review

Textiles and tobacco, apparel and furniture manufacturing are the basic components of Greensboro's industrial mix. Space needs from these goods producing sectors contracted during 1989, dropping manufacturing's share of absorption to 25 percent compared with 50 percent in 1988. The market is extremely tight overall, with a mere 1.3% vacancy rate signalling shortages in larger facilities. The shifting fortunes of the manufacturing and distribution sectors can be seen in the diverging figures on sales and leasing dollar volumes for the year just ended.

1990 Forecast

Warehouse/distribution rental rates and sales prices are expected to rise six percent, to levels which will make speculative construction feasible once again. SIOR's reporter notes ample opportunities for development in well-planned business and industrial parks. The area's retail outlets and furniture mart will sustain demand for warehousing, but a further pullback in production facilities need should be anticipated.

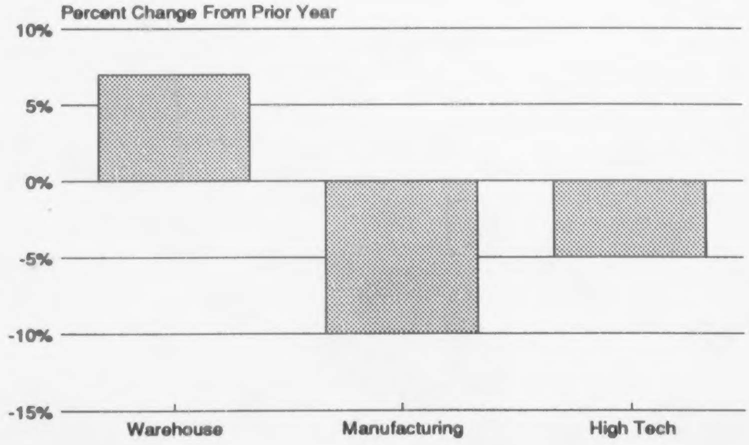
Demographics

		Rank
Population:	933,966	45
Population Growth Rate:	1.03%	
Unemployment Rate:	3.40%	
Median Household Income:	$28,816	59
Cost of Living Index:	97.5	48

Outlook

Sales Prices	
Warehouse/Distribution	Up 6%
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Up 6%
Manufacturing	Same
High Tech/R&D	Same
Site Prices	Up 5%
Absorption	
Warehouse/Distribution	Up 5%
Manufacturing	Down 5%
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Up 10%
Manufacturing	Down 10%
High Tech/R&D	Same
Dollar Volume - Sales	Up 3%
Dollar Volume - Leases	Up 3%

Dollar Volume - Leases
Greensboro



Greenville, South Carolina: Industrial

Greenville/Spartanburg, South Carolina Metropolitan area

Market Data

Inventory (sf)	Central City	Suburban
Total	-	n/a
Vacant	-	2,300,000
Vacancy Rates	-	n/a
Under Construction	-	148,000
Net Absorption	-	n/a

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	27.00
5,000 to 19,999 sf	-	26.00
20,000 to 39,999 sf	-	22.00
40,000 to 59,999 sf	-	21.00
60,000 to 99,999 sf	-	19.00
More than 100,000 sf	-	18.00
High Tech/R&D	-	31.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	4.25
5,000 to 19,999 sf	-	3.10
20,000 to 39,999 sf	-	2.90
40,000 to 59,999 sf	-	2.80
60,000 to 99,999 sf	-	2.80
More than 100,000 sf	-	2.60
High Tech/R&D	-	6.75

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	-	1.00-1.70
2 to 5 Acres	-	0.95-1.65
5 to 10 Acres	-	0.95-1.45
More than 10 Acres	-	0.75-1.25
Unimproved Sites		
Less than 10 Acres	-	0.50-0.65
10 to 100 Acres	-	0.45
More than 100 Acres	-	0.40

Prime Source of Financing:
Insurance Companies, Commercial Banks

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	25.00
5,000 to 19,999 sf	21.50
20,000 to 39,999 sf	19.00
40,000 to 59,999 sf	18.50
60,000 to 99,999 sf	17.00
More than 100,000 sf	17.00
High Tech/R&D	37.50

Vacancy Indicators	
Less than 5,000 sf	Substantial Shortage
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Moderate Oversupply
More than 100,000 sf	Balanced Market
High Tech/R&D	Moderate Shortage

Composition of Absorption	
Warehouse/Distribution	80%
Manufacturing	15%
High Tech/R&D	5%
Rate of Construction	
Warehouse/Distribution	Down 5%
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Down 15%
Manufacturing	Down 5%
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Down 12%
Manufacturing	Down 5%
High Tech/R&D	Same

Note - Compared to a year ago

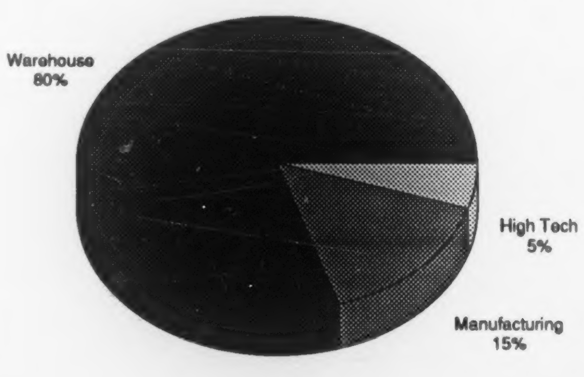
Demographics

		Rank
Population:	623,841	60
Population Growth Rate:	1.03%	
Unemployment Rate:	4.00%	
Median Household Income:	$27,140	73
Cost of Living Index:	96.9	54

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Up 5%
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Up 5%
Site Prices	Up 8%
Absorption	
Warehouse/Distribution	Up 5%
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Up 10%
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Up 15%
Dollar Volume - Leases	Up 10%

Composition of Absorption
Greenville



1989 Review

With Greenville's four percent unemployment rate outperforming both the state and the nation, the fundamentals of the local economy are excellent. Dollar volumes in sales and leasing activity were down over the year, however, as industrial users slowed their decision making. Supply/demand conditions in the market are firm, with the exception of a moderate oversupply in the 60,000 - 100,000 sq. ft. category. R&D facilities, with corporate users like Exxon and Arco supported by the presence of Clemson University and the University of South Carolina, are reported to have a moderate space shortage.

1990 Forecast

Speculative development is projected to remain steady or even to increase as new developers enter the market, encouraged by the success of several major industrial parks. The R&D sector is looking particularly bright in the view of SIOR's local respondent. Transaction volume is expected to rebound during the year.

Hartford, Connecticut: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	3,915,397	53,066,409
Vacant	431,735	5,312,944
Vacancy Rates	11.0%	10.0%
Under Construction	32,100	404,781
Net Absorption	76,623	572,112

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	70.00	75.00
5,000 to 19,999 sf	48.00	58.00
20,000 to 39,999 sf	43.00	46.00
40,000 to 59,999 sf	33.00	39.00
60,000 to 99,999 sf	28.00	32.00
More than 100,000 sf	25.00	30.00
High Tech/R&D	70.00	75.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	6.50	5.50
5,000 to 19,999 sf	5.50	4.75
20,000 to 39,999 sf	4.50	4.00
40,000 to 59,999 sf	3.75	3.50
60,000 to 99,999 sf	3.00	3.25
More than 100,000 sf	3.00	2.75
High Tech/R&D	11.00	9.50

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	n/a	2.98
2 to 5 Acres	n/a	2.30
5 to 10 Acres	n/a	1.49
More than 10 Acres	n/a	0.80
Unimproved Sites		
Less than 10 Acres	n/a	1.37
10 to 100 Acres	n/a	0.92
More than 100 Acres	n/a	0.58

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Tight

Construction Costs	
Less than 5,000 sf	n/a
5,000 to 19,999 sf	n/a
20,000 to 39,999 sf	n/a
40,000 to 59,999 sf	n/a
60,000 to 99,999 sf	n/a
More than 100,000 sf	n/a
High Tech/R&D	n/a

Vacancy Indicators	
Less than 5,000 sf	Moderate Oversupply
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Moderate Oversupply
60,000 to 99,999 sf	Substantial Oversupply
More than 100,000 sf	Substantial Oversupply
High Tech/R&D	Moderate Shortage

Composition of Absorption	
Warehouse/Distribution	65%
Manufacturing	25%
High Tech/R&D	10%
Rate of Construction	
Warehouse/Distribution	Down 60%
Manufacturing	Down 75%
High Tech/R&D	Down 30%
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Down 5%
Manufacturing	Down 5%
High Tech/R&D	Down 10%

Note - Compared to a year ago

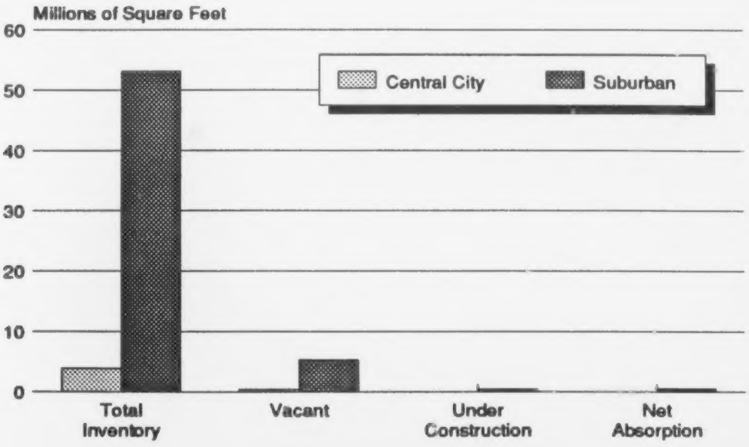
Demographics

		Rank
Population:	758,913	52
Population Growth Rate:	0.65%	
Unemployment Rate:	3.00%	
Median Household Income:	$41,720	5
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Down 5%
Manufacturing	Down 5%
High Tech/R&D	Down 5%
Lease Prices	
Warehouse/Distribution	Down 5%
Manufacturing	Down 5%
High Tech/R&D	Down 10%
Site Prices	Down 5%
Absorption	
Warehouse/Distribution	Down 15%
Manufacturing	Down 15%
High Tech/R&D	Down 15%
Construction	
Warehouse/Distribution	Down 10%
Manufacturing	Down 10%
High Tech/R&D	Down 10%
Dollar Volume - Sales	Down 5%
Dollar Volume - Leases	Down 5%

Market Inventory
Hartford



1989 Review

In greater Hartford, there are two distinct markets for industrial real estate. Demand has been stable for buildings smaller than 30,000 sq. ft. and these buildings show a vacancy rate of only seven percent. In contrast, there was a moderate to substantial oversupply of larger facilities, accounting for 75 percent of the 5.6 million sq. ft. of total availabilities. Hartford found itself better positioned than any another New England city as the regional slowdown hit in 1989. Pratt & Whitney Aircraft, for example, has a substantial order backlog for commercial jet engines that kept the durables sector active.

1990 Forecast

The outlook for the coming year suggests that the market will be retrenching. Speculative construction has dropped 70 percent in the past twelve months and a further 10 percent reduction should be anticipated while the market digests the inventory of large-sized space now available. One exception to the trend is the submarket south of the city along I-91, where building activity is up 40 percent.

Honolulu, Hawaii: Industrial

Island of Oahu

Market Data

Inventory (sf)	Central City	Suburban
Total	14,000,000	18,000,000
Vacant	220,000	342,000
Vacancy Rates	1.6%	1.9%
Under Construction	800,000	1,400,000
Net Absorption	175,000	220,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	170.00	75.00
5,000 to 19,999 sf	130.00	75.00
20,000 to 39,999 sf	120.00	70.00
40,000 to 59,999 sf	95.00	65.00
60,000 to 99,999 sf	95.00	65.00
More than 100,000 sf	90.00	60.00
High Tech/R&D	n/a	90.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	10.80	9.60
5,000 to 19,999 sf	9.00	8.00
20,000 to 39,999 sf	9.00	7.60
40,000 to 59,999 sf	8.40	6.60
60,000 to 99,999 sf	8.00	6.20
More than 100,000 sf	7.80	6.00
High Tech/R&D	18.00	12.60

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	85.00	45.00
2 to 5 Acres	70.00	40.00
5 to 10 Acres	65.00	30.00
More than 10 Acres	-	20.00
Unimproved Sites		
Less than 10 Acres	60.00	30.00
10 to 100 Acres	-	20.00
More than 100 Acres	-	-

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	55.00
5,000 to 19,999 sf	50.00
20,000 to 39,999 sf	45.00
40,000 to 59,999 sf	45.00
60,000 to 99,999 sf	40.00
More than 100,000 sf	40.00
High Tech/R&D	80.00

Vacancy Indicators	
Less than 5,000 sf	Substantial Shortage
5,000 to 19,999 sf	Substantial Shortage
20,000 to 39,999 sf	Substantial Shortage
40,000 to 59,999 sf	Substantial Shortage
60,000 to 99,999 sf	Substantial Shortage
More than 100,000 sf	Substantial Shortage
High Tech/R&D	Balanced Market

Composition of Absorption	
Warehouse/Distribution	65%
Manufacturing	28%
High Tech/R&D	7%
Rate of Construction	
Warehouse/Distribution	Up 150%
Manufacturing	Up 75%
High Tech/R&D	Up 50%
Dollar Volume - Sales	
Warehouse/Distribution	Up 55%
Manufacturing	Up 40%
High Tech/R&D	Up 10%
Dollar Volume - Leases	
Warehouse/Distribution	Up 45%
Manufacturing	Up 30%
High Tech/R&D	Up 30%

Note - Compared to a year ago

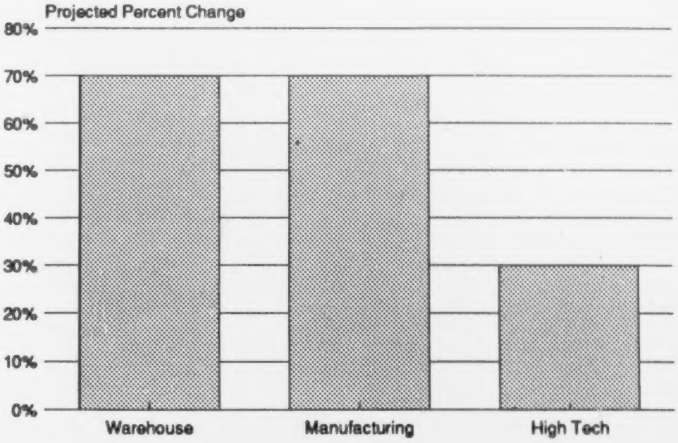
Demographics

		Rank
Population:	847,169	49
Population Growth Rate:	1.18%	
Unemployment Rate:	2.10%	
Median Household Income:	$35,421	12
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Up 25%
Manufacturing	Up 25%
High Tech/R&D	Up 20%
Lease Prices	
Warehouse/Distribution	Up 25-40%
Manufacturing	Up 25-40%
High Tech/R&D	Same
Site Prices	Up 40-60%
Absorption	
Warehouse/Distribution	Up 70%
Manufacturing	Up 70%
High Tech/R&D	Up 30%
Construction	
Warehouse/Distribution	Up 15%
Manufacturing	Up 10%
High Tech/R&D	Up 25%
Dollar Volume - Sales	n/a
Dollar Volume - Leases	n/a

Absorption Outlook
Honolulu



1989 Review

Heavy demand from all use categories drove vacancy rates below two percent and pushed transaction volumes for both sales and leases sharply upward. Booming residential construction and a strong year for the trade/tourism sector kept the flow of goods through Honolulu's warehouses heavy. Foreign real estate investment activity remained strong in 1989, but stayed oriented toward hotels and offices. Land prices for industrially-zoned property are enormous by mainland standards, and this contributes to the heady level of rents and the relatively small size of the 32 million sq. ft. market inventory.

1990 Forecast

With new construction expected to deliver 2.2 million sq. ft. of space in 1990, this market should be better able to satisfy user requirements for relocations and expansions. Net absorption figures should therefore trend sharply upward. While another strong year of price appreciation is forecast, the more balanced supply/demand picture will put something of a lid on rental increases. The outlook for Hawaiian economy during the early 90s is positive, and industrial property market conditions will reflect this.

YOUR AD COULD BE HERE IN THE
1991 GUIDE

Houston, Texas: Industrial

Houston and Harris County

Market Data

Inventory (sf)	Central City	Suburban
Total	71,000,000	163,000,000
Vacant	8,496,000	22,231,000
Vacancy Rates	12.0%	13.6%
Under Construction	0	750,000
Net Absorption	2,708,000	9,792,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	30.00-40.00	15.00-45.00
5,000 to 19,999 sf	25.00-35.00	20.00-30.00
20,000 to 39,999 sf	20.00-30.00	15.00-35.00
40,000 to 59,999 sf	15.00-30.00	15.00-30.00
60,000 to 99,999 sf	10.00-22.00	15.00-25.00
More than 100,000 sf	10.00-15.00	12.00-25.00
High Tech/R&D	20.00-50.00	15.00-50.00

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	2.50-4.00	2.50-4.00
5,000 to 19,999 sf	2.20-4.00	2.20-4.00
20,000 to 39,999 sf	2.00-3.25	2.00-3.25
40,000 to 59,999 sf	1.50-3.00	1.85-3.00
60,000 to 99,999 sf	1.25-2.50	1.85-3.00
More than 100,000 sf	1.00-2.50	1.80-3.00
High Tech/R&D	3.50-7.50	3.50-7.50

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	2.00-6.00	1.00-5.00
2 to 5 Acres	2.00-6.00	1.00-5.00
5 to 10 Acres	1.50-5.00	1.00-4.00
More than 10 Acres	1.00-5.00	1.00-4.00
Unimproved Sites		
Less than 10 Acres	2.00-5.00	0.50-2.50
10 to 100 Acres	0.50-3.00	0.20-2.00
More than 100 Acres	n/a	0.10-1.00

Prime Source of Financing:
Insurance Companies, Commercial Banks, Owner Financing
Mortgage Money Supply:
Moderate

Construction Costs	
Less than 5,000 sf	25.00-35.00
5,000 to 19,999 sf	20.00-30.00
20,000 to 39,999 sf	15.00-25.00
40,000 to 59,999 sf	15.00-23.00
60,000 to 99,999 sf	15.00-22.00
More than 100,000 sf	14.00-22.00
High Tech/R&D	25.00-40.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Oversupply
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Moderate Shortage
40,000 to 59,999 sf	Moderate Shortage
60,000 to 99,999 sf	Substantial Shortage
More than 100,000 sf	Substantial Shortage
High Tech/R&D	Moderate Oversupply

Composition of Absorption	
Warehouse/Distribution	35%
Manufacturing	55%
High Tech/R&D	10%
Rate of Construction	
Warehouse/Distribution	Up 10%
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Up 10-20%
Manufacturing	Up 10-20%
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Up 10-20%
Manufacturing	Up 10-20%
High Tech/R&D	Same

Note - Compared to a year ago

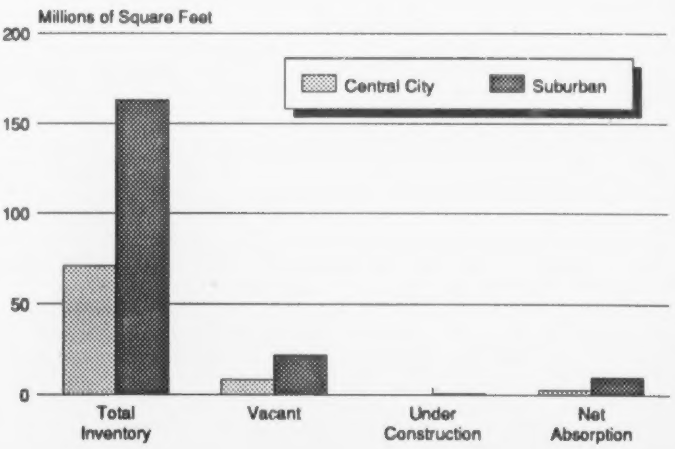
Demographics

		Rank
Population:	3,228,577	8
Population Growth Rate:	1.86%	
Unemployment Rate:	5.70%	
Median Household Income:	$33,251	22
Cost of Living Index:	101.9	26

Outlook

Sales Prices	
Warehouse/Distribution	Up 10-20%
Manufacturing	Same
High Tech/R&D	Up 5-10%
Lease Prices	
Warehouse/Distribution	Up 10-20%
Manufacturing	Up 5-10%
High Tech/R&D	Up 5-20%
Site Prices	Same
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Up 10-15%
Construction	
Warehouse/Distribution	Up 10-20%
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Up 10-15%
Dollar Volume - Leases	Up 10-15%

Market Inventory
Houston



1989 Review

Houston's economic recovery took a large step forward in 1989, and the diversification away from energy toward electronics, medical services and port-related trade contributed to the rebound. The inventory of industrial vacancies remains high at more than 30 million sq. ft., but net absorption of 12.5 million sq. ft. last year suggests that the market may be tightening faster than many expected. Already there are reports of spot shortages of large contiguous space. Rental rates and sales prices were still comparatively low, and this prompted renewed interest from out-of-town users and investors.

1990 Forecast

Further gradual improvement in market conditions is foreseen. Lease and sales prices may be stepping upwards smartly, especially in the warehouse/distribution sector. Speculative construction is still some time away, but build-to-suits for corporate users can be anticipated as the year progresses. Houston is once again a market to watch for the national and international real estate community.

Indianapolis, Indiana: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	178,000,000	n/a
Vacant	8,903,000	n/a
Vacancy Rates	5.0%	n/a
Under Construction	3,085,000	n/a
Net Absorption	4,600,000	n/a

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	24.00	24.00
5,000 to 19,999 sf	23.00	23.00
20,000 to 39,999 sf	22.00	22.00
40,000 to 59,999 sf	20.00	20.00
60,000 to 99,999 sf	20.00	20.00
More than 100,000 sf	20.00	20.00
High Tech/R&D	29.00	29.00

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	5.50-6.50	5.50-6.50
5,000 to 19,999 sf	5.00-6.00	5.00-6.00
20,000 to 39,999 sf	4.35-5.00	4.35-5.00
40,000 to 59,999 sf	3.00-3.75	3.00-3.75
60,000 to 99,999 sf	3.00-3.75	3.00-3.75
More than 100,000 sf	3.00-3.75	3.00-3.75
High Tech/R&D	-	-

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	3.00	1.50-2.00
2 to 5 Acres	3.00	1.50-2.00
5 to 10 Acres	n/a	1.50-2.00
More than 10 Acres	n/a	1.00-1.50
Unimproved Sites		
Less than 10 Acres	1.50-2.30	1.50-2.30
10 to 100 Acres	-	-
More than 100 Acres	-	-

Demographics

		Rank
Population:	1,250,546	31
Population Growth Rate:	0.78%	
Unemployment Rate:	3.90%	
Median Household Income:	$29,700	49
Cost of Living Index:	99.3	41

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Site Prices	Up 6-10%
Absorption	
Warehouse/Distribution	Up 10%
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Up 10%
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Up 10%
Dollar Volume - Leases	Up 10%

Prime Source of Financing:
Insurance Companies, Commercial Banks, Pension Funds
Mortgage Money Supply:
Moderate

Construction Costs	
Less than 5,000 sf	25.00-35.00
5,000 to 19,999 sf	25.00-35.00
20,000 to 39,999 sf	22.00-30.00
40,000 to 59,999 sf	22.00-30.00
60,000 to 99,999 sf	18.00-28.00
More than 100,000 sf	15.00-25.00
High Tech/R&D	30.00-50.00

Vacancy Indicators	
Less than 5,000 sf	Balanced Market
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Moderate Shortage
40,000 to 59,999 sf	Moderate Shortage
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Moderate Shortage
High Tech/R&D	Balanced Market

Composition of Absorption	
Warehouse/Distribution	60%
Manufacturing	30%
High Tech/R&D	10%
Rate of Construction	
Warehouse/Distribution	Up 20%
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Up 10%
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Up 6-10%
Manufacturing	Same
High Tech/R&D	Same

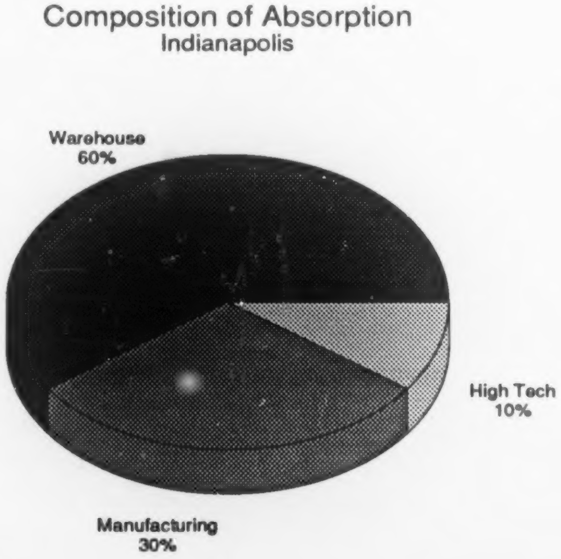
Note - Compared to a year ago

1989 Review

Demand for distribution space was robust in 1989, and net absorption outpaced new construction. Moderate shortages were reported in most size categories. Lease rates were up $0.50 per sq. ft. over a year ago. Indianapolis' central Midwest location and excellent Interstate system makes it ideal for "just-in-time" inventory management. The labor market continued to attract working age personnel, and the mix of durable (G.M. and G.E.) and non-durable (Eli Lilly) hedge Indianapolis' exposure to cyclical swings.

1990 Forecast

Construction is expected to increase during 1990 to above average levels. This will be especially the case in the warehouse / distribution category. Indiana's tax structure makes the acquisition and renovation of older manufacturing space attractive to investors. Transaction volume will likely increase, and there will be upward pressure on land price over the course of the year.



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Jackson, Michigan: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	500,000	1,500,000
Vacant	160,000	650,000
Vacancy Rates	32.0%	43.3%
Under Construction	0	0
Net Absorption	75,000	30,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	16.00	16.00
5,000 to 19,999 sf	15.00	15.00
20,000 to 39,999 sf	12.00	12.00
40,000 to 59,999 sf	10.00-12.00	10.00-12.00
60,000 to 99,999 sf	n/a	n/a
More than 100,000 sf	10.00-15.00	10.00-15.00
High Tech/R&D	-	-

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	2.50	2.50
5,000 to 19,999 sf	2.00-2.50	2.00-2.50
20,000 to 39,999 sf	2.00	2.00
40,000 to 59,999 sf	1.75	1.75
60,000 to 99,999 sf	1.60	1.60
More than 100,000 sf	1.50	1.50
High Tech/R&D	-	6.00-8.00

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	0.50	0.50
2 to 5 Acres	0.35	0.35
5 to 10 Acres	0.35	0.35
More than 10 Acres	0.30	0.30
Unimproved Sites		
Less than 10 Acres	0.20	0.20
10 to 100 Acres	0.15	0.15
More than 100 Acres	0.10	0.10

Prime Source of Financing:
Commercial Banks, Revenue Bonds

Mortgage Money Supply:
Moderate

Construction Costs	
Less than 5,000 sf	28.00
5,000 to 19,999 sf	28.00
20,000 to 39,999 sf	25.00
40,000 to 59,999 sf	22.00
60,000 to 99,999 sf	22.00
More than 100,000 sf	20.00-22.00
High Tech/R&D	-

Vacancy Indicators	
Less than 5,000 sf	Substantial Shortage
5,000 to 19,999 sf	Substantial Shortage
20,000 to 39,999 sf	Moderate Shortage
40,000 to 59,999 sf	Substantial Shortage
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Moderate Shortage
High Tech/R&D	

Composition of Absorption	
Warehouse/Distribution	75%
Manufacturing	65%
High Tech/R&D	n/a
Rate of Construction	
Warehouse/Distribution	Up
Manufacturing	Up
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Up
Manufacturing	Up
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	n/a

Note - Compared to a year ago

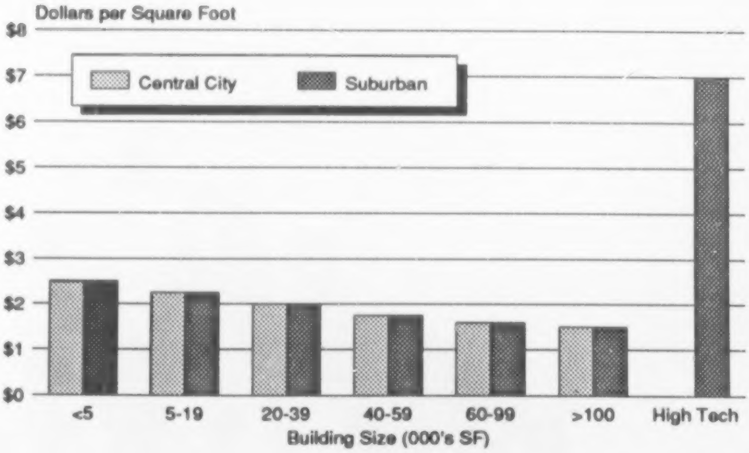
Demographics

		Rank
Population:	147,308	81
Population Growth Rate:	-0.31%	
Unemployment Rate:	7.10%	
Median Household Income:	$27,586	87
Cost of Living Index:	104.6	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Up 10%
Manufacturing	Up 10%
High Tech/R&D	n/a
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Site Prices	Same
Absorption	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Up 10%
Manufacturing	Up 10%
High Tech/R&D	Same
Dollar Volume - Sales	Up 5%
Dollar Volume - Leases	Up 10%

Net Lease Prices
Jackson, MI



1989 Review

This small Michigan MSA is still strongly tied to the automotive industry. Available space edged downward a bit during 1989, with most activity in the small-unit category (less than 20,000 sq. ft.). There was also investor interest in this size class, but little available for sale. Lease and sales prices were stable during 1989, albeit at low levels that do not justify much additional construction.

1990 Forecast

Overseas capital is brightening the prospects for activity in this market. Nippondenso Toyota is building a $140 million auto parts plant just west of Jackson on a 100 acre site. There is an additional 200 acre parcel that can be developed as an industrial park. Foreign prospects are also looking at the local 332,000 sq. ft. G.M. plant. Small increases in absorption and construction activity are envisioned by SIOR's local reporter. The exposure of this market to cyclical shifts in the car business remains highly volatile.

Jackson, Mississippi: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	-	9,000,000
Vacant	-	1,500,000
Vacancy Rates	-	16.7%
Under Construction	-	50,000
Net Absorption	-	250,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	20.00-25.00
5,000 to 19,999 sf	-	15.00-20.00
20,000 to 39,999 sf	-	12.00-16.00
40,000 to 59,999 sf	-	10.00-15.00
60,000 to 99,999 sf	-	10.00-15.00
More than 100,000 sf	-	10.00-15.00
High Tech/R&D	-	30.00-40.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	2.50-3.50
5,000 to 19,999 sf	-	2.00-3.00
20,000 to 39,999 sf	-	2.00-2.50
40,000 to 59,999 sf	-	1.75-2.25
60,000 to 99,999 sf	-	1.75-2.25
More than 100,000 sf	-	1.50-2.25
High Tech/R&D	-	4.00-7.00

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	-	1.00-2.00
2 to 5 Acres	-	0.75-1.50
5 to 10 Acres	-	0.50-1.00
More than 10 Acres	-	0.25-0.50
Unimproved Sites		
Less than 10 Acres	-	0.20-0.50
10 to 100 Acres	-	0.10-0.20
More than 100 Acres	-	0.10-0.20

Prime Source of Financing:
Insurance Companies, Commercial Banks

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	25.00
5,000 to 19,999 sf	20.00
20,000 to 39,999 sf	17.50
40,000 to 59,999 sf	16.00
60,000 to 99,999 sf	16.00
More than 100,000 sf	12.00-15.00
High Tech/R&D	25.00-40.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Shortage
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Moderate Shortage
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Moderate Oversupply
More than 100,000 sf	Moderate Oversupply
High Tech/R&D	Substantial Shortage

Composition of Absorption	
Warehouse/Distribution	80%
Manufacturing	10%
High Tech/R&D	10%
Rate of Construction	
Warehouse/Distribution	Up 10%
Manufacturing	Same
High Tech/R&D	Up 10%
Dollar Volume - Sales	
Warehouse/Distribution	Up 20%
Manufacturing	Up 10%
High Tech/R&D	Up 10%
Dollar Volume - Leases	
Warehouse/Distribution	Up 20%
Manufacturing	Up 10%
High Tech/R&D	Up 10%

Note - Compared to a year ago

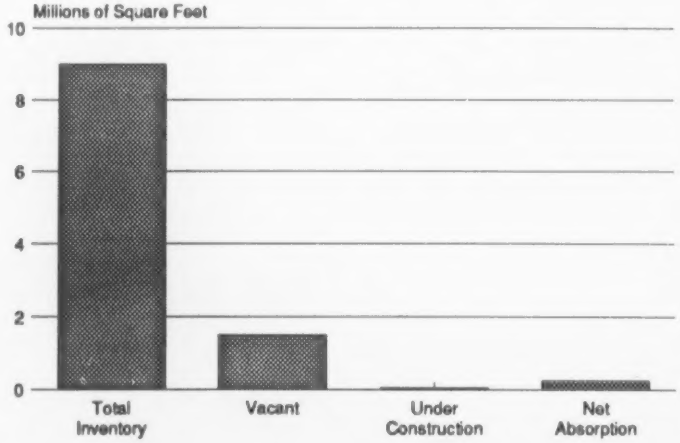
Demographics

		Rank
Population:	402,557	80
Population Growth Rate:	1.19%	
Unemployment Rate:	5.00%	
Median Household Income:	$24,513	88
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Up 10%
Manufacturing	Same
High Tech/R&D	Same
Site Prices	Same
Absorption	
Warehouse/Distribution	Up 10%
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Up 10%
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Up 10%
Dollar Volume - Leases	Up 10%

Suburban Market Inventory
Jackson, MS



1989 Review

Jackson, Mississippi's state capital, accounts for 20 percent of statewide employment and has been an oasis of stability during the economic downturn of the 80s. This is a small industrial market of only nine million sq. ft., and does not lend itself to the more usual central city/suburban distinctions. Jackson's location on the Mississippi River between New Orleans and Memphis at the intersection of I-55 and I-20 makes for solid distribution demands. Indeed, 80 percent of Jackson's 1989 absorption came from the warehousing and distribution sectors where sales and leasing dollar volumes were up 20 percent from the previous year.

1990 Forecast

Little increase in new construction should be expected here, since development costs cannot be covered by capitalized net lease levels. The one exception would be in smaller facilities (less than 40,000 sq. ft.) where shortages of space exist. The 1989 vacancy rate of nearly 17 percent should spiral downward, as absorption exceeds new construction once again. This market will see gradual improvement in 1990.

YOUR AD COULD BE HERE IN THE
1991 GUIDE

Jacksonville, Florida: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	-	17,000,000
Vacant	-	1,530,000
Vacancy Rates	-	9.0%
Under Construction	-	n/a
Net Absorption	-	n/a

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Tight

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	18.00-35.00
5,000 to 19,999 sf	-	18.00-25.00
20,000 to 39,999 sf	-	15.00-20.00
40,000 to 59,999 sf	-	15.00-20.00
60,000 to 99,999 sf	-	15.00-20.00
More than 100,000 sf	-	15.00-20.00
High Tech/R&D	-	n/a

Construction Costs	
Less than 5,000 sf	n/a
5,000 to 19,999 sf	n/a
20,000 to 39,999 sf	n/a
40,000 to 59,999 sf	n/a
60,000 to 99,999 sf	n/a
More than 100,000 sf	n/a
High Tech/R&D	n/a

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	3.00-7.00
5,000 to 19,999 sf	-	2.50-4.75
20,000 to 39,999 sf	-	2.50-4.00
40,000 to 59,999 sf	-	2.50-3.75
60,000 to 99,999 sf	-	2.50-3.25
More than 100,000 sf	-	2.25-3.00
High Tech/R&D	-	n/a

Vacancy Indicators	
Less than 5,000 sf	Moderate Oversupply
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Moderate Oversupply
More than 100,000 sf	Moderate Oversupply
High Tech/R&D	

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	-	1.00-1.50
2 to 5 Acres	-	0.80-1.25
5 to 10 Acres	-	0.80-1.00
More than 10 Acres	-	0.50-1.60
Unimproved Sites		
Less than 10 Acres	-	0.50-1.00
10 to 100 Acres	-	0.35-1.00
More than 100 Acres	-	0.35-0.75

Composition of Absorption	
Warehouse/Distribution	86%
Manufacturing	12%
High Tech/R&D	2%
Rate of Construction	
Warehouse/Distribution	Down 1-5%
Manufacturing	Down 1-5%
High Tech/R&D	Down 6-10%
Dollar Volume - Sales	
Warehouse/Distribution	Down 6-10%
Manufacturing	Down 6-10%
High Tech/R&D	Down 11-15%
Dollar Volume - Leases	
Warehouse/Distribution	Down 1-5%
Manufacturing	Down 6-10%
High Tech/R&D	Down 6-10%

Note - Compared to a year ago

1989 Review

The Jacksonville industrial market is little changed in 1989. Vacancy remained stuck at the nine percent level. Most market measures were down for the year. Demand was reported as "sporadic" by SIOR's local observers. Warehouse/distribution functions dominate the market, with a shakeout of smaller firms emerging as a factor in the area. The healthiest market segments were mid-sized spaces, units between 5,000 and 60,000 sq. ft.

1990 Forecast

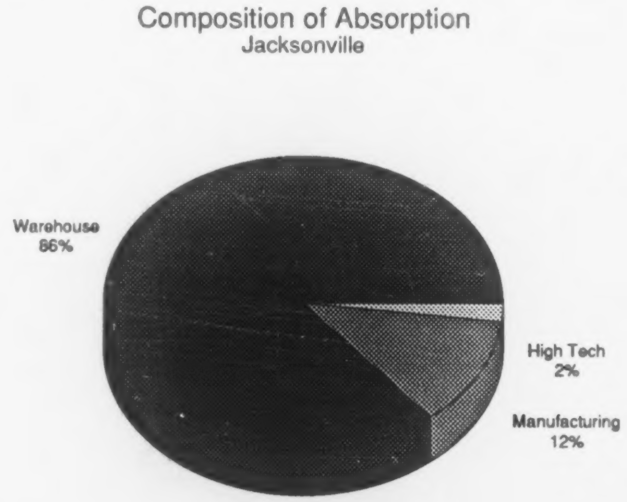
As was the case last year, local real estate professionals see some improvement in the year ahead. Jacksonville's strategic north Florida location has prompted some corporate relocation activity to the area, but this has helped property types other than industrial up until now. The most likely prospects are for a tepid improvement in the warehouse leasing market in the coming year, with speculative construction definitely on hold.

Demographics

		Rank
Population:	920,441	46
Population Growth Rate:	2.73%	
Unemployment Rate:	5.30%	
Median Household Income:	$28,576	62
Cost of Living Index:	94.0	64

Outlook

Sales Prices	
Warehouse/Distribution	Up 1-5%
Manufacturing	Up 1-5%
High Tech/R&D	Up 1-5%
Lease Prices	
Warehouse/Distribution	Up 1-5%
Manufacturing	Up 1-5%
High Tech/R&D	Up 1-5%
Site Prices	Up 1-5%
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Down 6-10%
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Up 1-5%
Dollar Volume - Leases	Up 1-5%



Kansas City, Missouri/Kansas: Industrial

Metropolitan Kansas City Missouri and Kansas

Market Data

Inventory (sf)	Central City	Suburban
Total	91,300,000	70,600,000
Vacant	5,000,000	5,600,000
Vacancy Rates	5.5%	7.9%
Under Construction	200,000	600,000
Net Absorption	1,000,000	600,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	n/a	35.00-45.00
5,000 to 19,999 sf	15.00-20.00	35.00-45.00
20,000 to 39,999 sf	14.00-20.00	30.00-35.00
40,000 to 59,999 sf	14.00-16.00	30.00-35.00
60,000 to 99,999 sf	15.00	20.00-25.00
More than 100,000 sf	10.00-12.00	19.00-22.00
High Tech/R&D	n/a	45.00-55.00

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	3.75	5.50-6.50
5,000 to 19,999 sf	3.00	3.50-4.50
20,000 to 39,999 sf	2.25	3.00-4.00
40,000 to 59,999 sf	2.00	2.75-3.50
60,000 to 99,999 sf	2.00	2.75-3.50
More than 100,000 sf	2.00	2.75-3.50
High Tech/R&D	n/a	7.00-9.00

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	2.50-3.25	3.25
2 to 5 Acres	2.00	2.00-3.00
5 to 10 Acres	1.00-1.50	2.25
More than 10 Acres	1.00-2.25	1.50
Unimproved Sites		
Less than 10 Acres	n/a	n/a
10 to 100 Acres	n/a	0.20
More than 100 Acres	0.50-1.00	0.20

Demographics

		Rank
Population:	1,585,511	22
Population Growth Rate:	1.13%	
Unemployment Rate:	4.80%	
Median Household Income:	$32,449	27
Cost of Living Index:	95.1	59

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Site Prices	Same
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Same
Dollar Volume - Leases	Same

Prime Source of Financing:
Insurance Companies, Commercial Banks

Mortgage Money Supply:
Ample

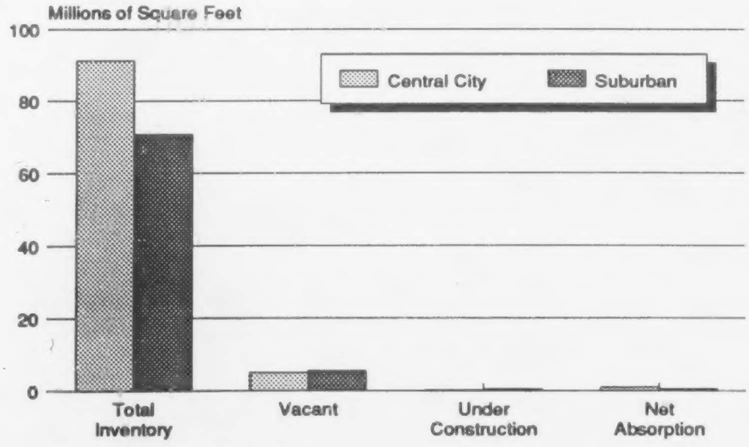
Construction Costs	
Less than 5,000 sf	40.00
5,000 to 19,999 sf	32.00-35.00
20,000 to 39,999 sf	25.00-26.00
40,000 to 59,999 sf	24.00-25.00
60,000 to 99,999 sf	22.00-24.00
More than 100,000 sf	19.00
High Tech/R&D	40.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Oversupply
5,000 to 19,999 sf	Moderate Oversupply
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Balanced Market
High Tech/R&D	Moderate Oversupply

Composition of Absorption	
Warehouse/Distribution	60%
Manufacturing	10%
High Tech/R&D	30%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same

Note - Compared to a year ago

Market Inventory
Kansas City



1989 Review

Vacancies in the Kansas City market dropped one-half percentage point, to 6.5 percent during 1989. Demand for high-cube space was moderate to strong in the suburbs, and somewhat slower in the central city. The fundamentals of this market are very good. Warehouse/distribution takes 60 percent of all absorption, as befits the headquarters city of Yellow Freight, one of the largest less-than-truckload carriers in the U.S. Demand for high-tech space rose during the year, reflecting Kansas City's growing role as a communications crossroads with firms such as U.S. West and UTI.

1990 Forecast

A cautious attitude prevails locally. There is a minimal amount of industrial construction on the drawing board, and most market measures are expected to be flat during 1990. In part this is due to a slower economic outlook nationally, as well as nervousness about the airlines that constitute an important part of the local economic base. The state of Kansas is reclassifying and reassessing its real property inventory, and over the short term the resulting uncertainty may shift demand to the Missouri side of the state line.

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Knoxville, Tennessee: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	10,955,833	5,426,000
Vacant	810,000	340,000
Vacancy Rates	7.4%	6.3%
Under Construction	60,000	80,000
Net Absorption	1,300,000	700,000

Prime Source of Financing:
Insurance Companies

Mortgage Money Supply:
Ample

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	30.00	30.00
5,000 to 19,999 sf	30.00	30.00
20,000 to 39,999 sf	22.00	22.00
40,000 to 59,999 sf	20.00	20.00
60,000 to 99,999 sf	18.00	15.00
More than 100,000 sf	18.00	15.00
High Tech/R&D	n/a	n/a

Construction Costs	
Less than 5,000 sf	26.00
5,000 to 19,999 sf	25.00
20,000 to 39,999 sf	19.00
40,000 to 59,999 sf	18.00
60,000 to 99,999 sf	16.00
More than 100,000 sf	15.00
High Tech/R&D	n/a

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	4.50	4.00
5,000 to 19,999 sf	4.00	3.50
20,000 to 39,999 sf	3.00	3.00
40,000 to 59,999 sf	2.75	2.75
60,000 to 99,999 sf	2.50	2.50
More than 100,000 sf	2.00	2.00
High Tech/R&D	n/a	n/a

Vacancy Indicators	
Less than 5,000 sf	Substantial Shortage
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Moderate Shortage
40,000 to 59,999 sf	Moderate Shortage
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Balanced Market
High Tech/R&D	Balanced Market

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	2.20	1.60
2 to 5 Acres	1.90	1.40
5 to 10 Acres	1.30	1.00
More than 10 Acres	1.10	0.50
Unimproved Sites		
Less than 10 Acres	0.75	0.45
10 to 100 Acres	0.50	0.25
More than 100 Acres	n/a	0.15

Composition of Absorption	
Warehouse/Distribution	75%
Manufacturing	20%
High Tech/R&D	5%
Rate of Construction	
Warehouse/Distribution	Up 2%
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Up 3%
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Up 5%
Manufacturing	Same
High Tech/R&D	Same

Note - Compared to a year ago

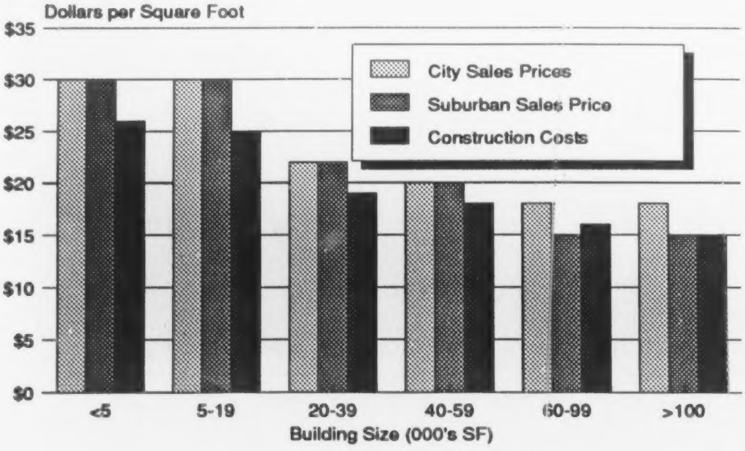
Demographics

		Rank
Population:	600,186	63
Population Growth Rate:	0.65%	
Unemployment Rate:	3.90%	
Median Household Income:	$24,198	89
Cost of Living Index:	91.7	71

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Same
High Tech/R&D	Same
Site Prices	Up 5%
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Same
Dollar Volume - Leases	Same

Sales Prices vs. Construction Costs
Knoxville



1989 Review

Net absorption of some two million sq. ft. caused the Knoxville vacancy rate to plummet from 9.8 percent in 1988 to 7.0 percent last year. Warehousing accounted for most of the new space demand, with three-quarters of total absorption in the distribution sector. Two factors stimulating the local trade and tourism economy in the past year have been the entry of new automotive suppliers to the region, and the success of Dolly Parton's theme park "Dollywood" in the nearby Smokey Mountains.

1990 Forecast

Local developers should readily keep pace with the demand for new distribution and light manufacturing space. With over one million sq. ft. still vacant in existing properties, though, a surge of speculative building seems unlikely. The outlook for sales prices and rental rates is generally stable. Some upward pressure on unimproved land prices is anticipated, however, continuing a trend perceived in the past twelve months.

Lakeland, Florida: Industrial

Lakeland, Eaton Park, Gibsonia, Kathleen, Medulla, and Mulberry

Market Data

Inventory (sf)	Central City	Suburban
Total	2,300,000	9,000,000
Vacant	40,000	1,000,000
Vacancy Rates	1.7%	11.1%
Under Construction	150,000	750,000
Net Absorption	350,000	1,500,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	27.00	26.00
5,000 to 19,999 sf	24.00	24.00
20,000 to 39,999 sf	23.00	23.00
40,000 to 59,999 sf	19.00	19.00
60,000 to 99,999 sf	18.00	18.00
More than 100,000 sf	16.00	16.00
High Tech/R&D	38.00	37.00

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	5.25	4.75
5,000 to 19,999 sf	4.50	4.25
20,000 to 39,999 sf	3.90	3.70
40,000 to 59,999 sf	3.50	3.25
60,000 to 99,999 sf	3.25	3.00
More than 100,000 sf	2.80	2.70
High Tech/R&D	5.50	5.25

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	1.50	1.40
2 to 5 Acres	1.40	1.30
5 to 10 Acres	1.25	1.20
More than 10 Acres	1.10	1.10
Unimproved Sites		
Less than 10 Acres	0.50	0.45
10 to 100 Acres	0.50	0.45
More than 100 Acres	0.35	0.30

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Moderate

Construction Costs	
Less than 5,000 sf	27.00
5,000 to 19,999 sf	19.00
20,000 to 39,999 sf	18.00
40,000 to 59,999 sf	17.50
60,000 to 99,999 sf	16.50
More than 100,000 sf	16.00
High Tech/R&D	37.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Shortage
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Moderate Oversupply
60,000 to 99,999 sf	Moderate Oversupply
More than 100,000 sf	Substantial Oversupply
High Tech/R&D	Balanced Market

Composition of Absorption	
Warehouse/Distribution	70%
Manufacturing	30%
High Tech/R&D	0%
Rate of Construction	
Warehouse/Distribution	Down 5%
Manufacturing	Down 5%
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Up 20%
Manufacturing	Up 10%
High Tech/R&D	Up 6-10%
Dollar Volume - Leases	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Up 6-10%

Note - Compared to a year ago

Demographics

		Rank
Population:	403,012	79
Population Growth Rate:	2.54%	
Unemployment Rate:	n/a	
Median Household Income:	$23,432	93
Cost of Living Index:	101.6	28

Outlook

Sales Prices	
Warehouse/Distribution	Up 10%
Manufacturing	Up 10%
High Tech/R&D	Up 1-5%
Lease Prices	
Warehouse/Distribution	Up 2%
Manufacturing	Up 2%
High Tech/R&D	Up 1-5%
Site Prices	Down 5%
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Up 1-5%
Dollar Volume - Sales	Same
Dollar Volume - Leases	Same

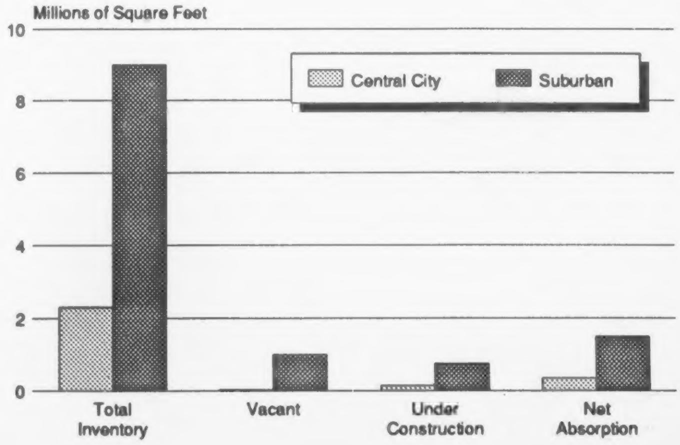
1989 Review

Rental rates and sales prices rose appreciably over the year, with warehouse/distribution facilities enjoying the best increase. Spillover growth from the Orlando and Tampa metropolitan areas is helping the well-situated Lakeland area. Supply/demand relationship was firmest in buildings less than 40,000 sq. ft., and somewhat oversupplied in larger units. Absorption in 1989 ran at more than twice the pace of new construction, suggesting that the market was even tighter than its 9.2 percent vacancy rate would indicate.

1990 Forecast

Building should accelerate over the course of the year, and post a five percent increase over 1989's totals according to SIOR's local reporter. A modest two percent increase in rents is foreseen, but sales prices are targeted for a more aggressive 10 percent rise. Foreign capital investment in the area is becoming more abundant, but as yet is mostly going for business acquisitions in the citrus, phosphate and tourist industries. It is expected that real estate investments will follow.

Market Inventory
Lakeland



Lansing, Michigan: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	-	n/a
Vacant	-	n/a
Vacancy Rates	-	n/a
Under Construction	-	n/a
Net Absorption	-	n/a

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	30.00
5,000 to 19,999 sf	-	25.00
20,000 to 39,999 sf	-	20.00
40,000 to 59,999 sf	-	17.00
60,000 to 99,999 sf	-	n/a
More than 100,000 sf	-	n/a
High Tech/R&D	-	n/a

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	5.50
5,000 to 19,999 sf	-	4.50
20,000 to 39,999 sf	-	4.00
40,000 to 59,999 sf	-	3.50
60,000 to 99,999 sf	-	3.50
More than 100,000 sf	-	3.00
High Tech/R&D	-	16.50

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	-	1.00-2.00
2 to 5 Acres	-	1.00-2.00
5 to 10 Acres	-	0.50-0.75
More than 10 Acres	-	0.50-0.75
Unimproved Sites		
Less than 10 Acres	-	n/a
10 to 100 Acres	-	n/a
More than 100 Acres	-	n/a

Demographics

		Rank
Population:	433,812	78
Population Growth Rate:	0.37%	
Unemployment Rate:	6.00%	
Median Household Income:	$31,064	38
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Up 10%
Manufacturing	Same
High Tech/R&D	Up 10%
Lease Prices	
Warehouse/Distribution	Up 20%
Manufacturing	Same
High Tech/R&D	Up 20%
Site Prices	Same
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Up 10%
Manufacturing	Same
High Tech/R&D	Up 10-20%
Dollar Volume - Sales	Up 10%
Dollar Volume - Leases	Up 10%

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Ample

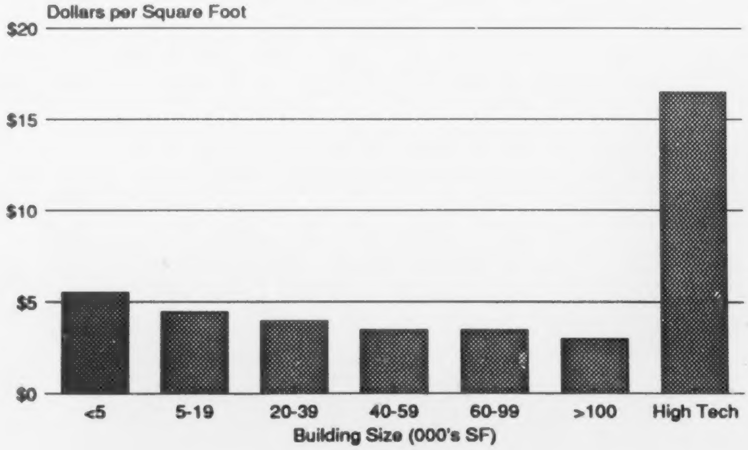
Construction Costs	
Less than 5,000 sf	35.00
5,000 to 19,999 sf	25.00-35.00
20,000 to 39,999 sf	25.00-35.00
40,000 to 59,999 sf	25.00-35.00
60,000 to 99,999 sf	25.00-30.00
More than 100,000 sf	25.00-30.00
High Tech/R&D	75.00

Vacancy Indicators	
Less than 5,000 sf	Substantial Shortage
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Moderate Shortage
40,000 to 59,999 sf	Moderate Shortage
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Moderate Shortage
High Tech/R&D	Moderate Shortage

Composition of Absorption	
Warehouse/Distribution	90%
Manufacturing	0%
High Tech/R&D	10%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Down 10%
High Tech/R&D	Up 10-20%
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Up 10%
Dollar Volume - Leases	
Warehouse/Distribution	n/a
Manufacturing	n/a
High Tech/R&D	n/a

Note - Compared to a year ago

Suburban Net Lease Prices
Lansing



1989 Review

Although statistical information is meager, SIOR's local market reporter describes a space-short market in all industrial property categories in Michigan's capital city. Virtually all absorption occurred in the warehouse sector during 1989, in contrast to the reliance upon manufacturing demand elsewhere in the state. Moderate demand for industrial facilities was the norm, with the high-tech end of the market perhaps more active in terms of construction and sales pace.

1990 Forecast

Little speculative space is projected for development in 1990. A conservative tenor predominates the state economy, although Lansing is less prone to cyclical swings than the balance of Michigan. Construction costs for industrial properties are still high relative to achievable sales prices.

Little Rock, Arkansas: Industrial

Greater Little Rock (Pulaski County)

Market Data

Inventory (sf)	Central City	Suburban
Total	2,500,000	6,500,000
Vacant	225,000	515,000
Vacancy Rates	9.0%	7.9%
Under Construction	0	50,000
Net Absorption	175,000	520,000

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Tight

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	n/a	n/a
5,000 to 19,999 sf	n/a	17.00
20,000 to 39,999 sf	16.00	14.00
40,000 to 59,999 sf	10.00	13.00
60,000 to 99,999 sf	10.00	12.00
More than 100,000 sf	10.00	12.00
High Tech/R&D	n/a	n/a

Construction Costs	
Less than 5,000 sf	25.00
5,000 to 19,999 sf	25.00
20,000 to 39,999 sf	24.00
40,000 to 59,999 sf	24.00
60,000 to 99,999 sf	22.00
More than 100,000 sf	21.00
High Tech/R&D	35.00

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	1.75	2.40
5,000 to 19,999 sf	1.75	2.25
20,000 to 39,999 sf	1.65	2.10
40,000 to 59,999 sf	n/a	2.00
60,000 to 99,999 sf	n/a	2.00
More than 100,000 sf	n/a	2.00
High Tech/R&D	5.50	5.50

Vacancy Indicators	
Less than 5,000 sf	Moderate Shortage
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Substantial Shortage
High Tech/R&D	Substantial Shortage

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	3.00	0.75
2 to 5 Acres	n/a	0.65
5 to 10 Acres	n/a	0.50
More than 10 Acres	n/a	0.50
Unimproved Sites		
Less than 10 Acres	n/a	0.15
10 to 100 Acres	n/a	0.10
More than 100 Acres	n/a	0.10

Composition of Absorption	
Warehouse/Distribution	60%
Manufacturing	35%
High Tech/R&D	5%
Rate of Construction	
Warehouse/Distribution	Up 2%
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same

Note - Compared to a year ago

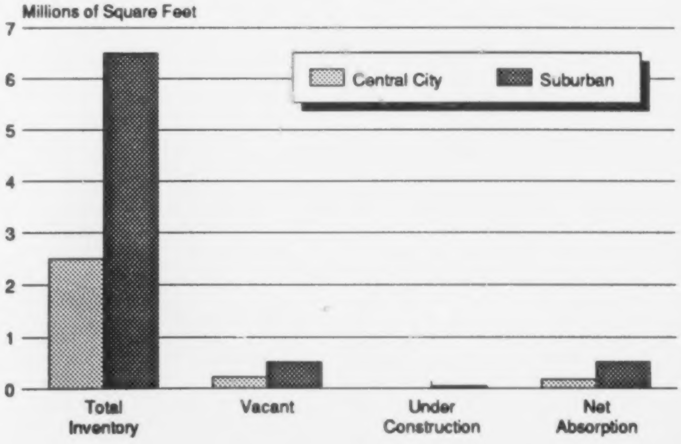
Demographics

		Rank
Population:	520,452	68
Population Growth Rate:	1.03%	
Unemployment Rate:	5.40%	
Median Household Income:	$26,954	75
Cost of Living Index:	100.9	35

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Site Prices	Down 15%
Absorption	
Warehouse/Distribution	Up 3%
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Up 15%
Dollar Volume - Leases	Up 10%

Market Inventory
Little Rock



1989 Review

Conditions in the Little Rock industrial market shifted from general oversupply in 1988 to a moderately space-short situation in 1989. Demand, largely stemming from the expansion of local firms, pushed net absorption to nearly 700,000 sq. ft. and drove the overall vacancy rate down to 8.2 percent. Rents were still at depressed levels, influenced by the soft market of the past several years. As 1989 drew to a close, the firming market began to see an upward trend in rents.

1990 Forecast

There is no speculative construction planned for 1990, and none on the horizon until building values come into alignment with construction costs. Land prices will be feeling the lagging effects of the local real estate recession, and are expected to be off 15 percent over the year. Improvement in the retail trade picture for the Mid-South is expected to make the warehousing picture in Little Rock stronger during the early 1990s.

Los Angeles-Central, California: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	600,000,000	-
Vacant	48,000,000	-
Vacancy Rates	8.0%	-
Under Construction	5,000,000	-
Net Absorption	n/a	-

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	90.00	-
5,000 to 19,999 sf	80.00	-
20,000 to 39,999 sf	65.00	-
40,000 to 59,999 sf	60.00	-
60,000 to 99,999 sf	55.00	-
More than 100,000 sf	50.00	-
High Tech/R&D	n/a	-

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	6.60	-
5,000 to 19,999 sf	6.00	-
20,000 to 39,999 sf	4.56	-
40,000 to 59,999 sf	4.20	-
60,000 to 99,999 sf	4.08	-
More than 100,000 sf	3.84	-
High Tech/R&D	n/a	-

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	13.00	-
2 to 5 Acres	13.00-30.00	-
5 to 10 Acres	13.00-30.00	-
More than 10 Acres	30.00	-
Unimproved Sites		
Less than 10 Acres	10.00	-
10 to 100 Acres	10.00-26.00	-
More than 100 Acres	26.00	-

Prime Source of Financing:
Insurance Companies, Pension Funds

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	-
5,000 to 19,999 sf	33.00
20,000 to 39,999 sf	28.00
40,000 to 59,999 sf	23.00
60,000 to 99,999 sf	19.00
More than 100,000 sf	16.50
High Tech/R&D	-

Vacancy Indicators	
Less than 5,000 sf	Moderate Shortage
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Moderate Oversupply
40,000 to 59,999 sf	Moderate Oversupply
60,000 to 99,999 sf	Moderate Oversupply
More than 100,000 sf	Moderate Oversupply
High Tech/R&D	Balanced Market

Composition of Absorption	
Warehouse/Distribution	55%
Manufacturing	40%
High Tech/R&D	5%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Down 20%
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Down 20%
High Tech/R&D	Down 10%
Dollar Volume - Leases	
Warehouse/Distribution	Down 15%
Manufacturing	Down 25%
High Tech/R&D	Down 10%

Note - Compared to a year ago

Demographics

		Rank
Population:	8,804,062	1
Population Growth Rate:	1.83	
Unemployment Rate:	4.80%	
Median Household Income:	$31,276	37
Cost of Living Index:	126.5	6

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Site Prices	Up 10-15%
Absorption	
Warehouse/Distribution	Down 15%
Manufacturing	Down 10%
High Tech/R&D	Down 12%
Construction	
Warehouse/Distribution	Down 20%
Manufacturing	Down 20%
High Tech/R&D	Down 30%
Dollar Volume - Sales	Same
Dollar Volume - Leases	Down 15%

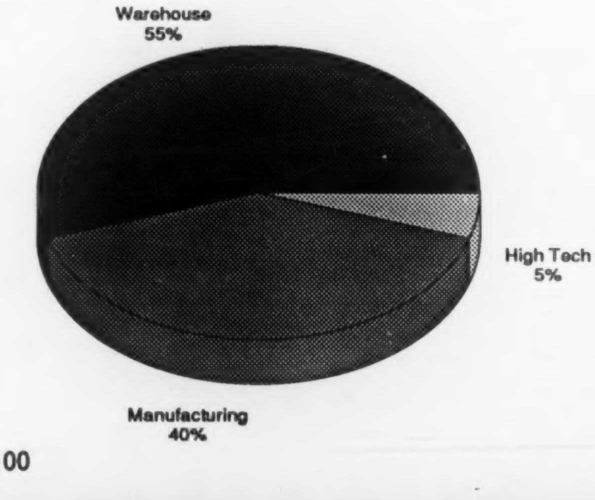
1989 Review

Los Angeles' urban industrial market contains a huge 600 million sq. ft. inventory and, with a vacancy rate of eight percent, ended 1989 in an oversupplied condition. The market is undergoing a rationalization process spurred by high land and building prices and high rents. Demand for leased space dropped in the second half of the year, as sales activity in the upper tier of the market increased. Foreign purchasers were the most prevalent. Balance in the market's absorption of space was good, with a nearly even proportion of distribution and production space being taken in the past year.

1990 Forecast

Softening in the defense sector has lowered expectations for the market in 1990. Layoffs at Hughes Aircraft and Northrop are visible signs of shrinkage in aerospace manufacturing. Non-durables such as apparel and food processing will take up some of the slack, but are not substitute space users by any means. The combination of high land costs, ample existing vacancies, and uncertain demand will hold development to nominal levels in 1990.

Composition of Absorption
Los Angeles-Central



Los Angeles-East, California: Industrial

Santa Fe Springs, Cerritos, La Mirada, and Buena Park

Market Data

Inventory (sf)	Central City	Suburban
Total	71,000,000	-
Vacant	2,800,000	-
Vacancy Rates	3.9%	-
Under Construction	1,800,000	-
Net Absorption	2,500,000	-

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	80.00	-
5,000 to 19,999 sf	75.00	-
20,000 to 39,999 sf	65.00	-
40,000 to 59,999 sf	62.00	-
60,000 to 99,999 sf	58.00	-
More than 100,000 sf	50.00	-
High Tech/R&D	60.00	-

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	6.50	-
5,000 to 19,999 sf	5.90	-
20,000 to 39,999 sf	5.30	-
40,000 to 59,999 sf	5.00	-
60,000 to 99,999 sf	4.25	-
More than 100,000 sf	4.00	-
High Tech/R&D	5.50	-

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	18.00	-
2 to 5 Acres	15.00	-
5 to 10 Acres	13.00	-
More than 10 Acres	12.00	-
Unimproved Sites		
Less than 10 Acres	11.00	-
10 to 100 Acres	11.00	-
More than 100 Acres	11.00	-

Prime Source of Financing:
Insurance Companies

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	35.00
5,000 to 19,999 sf	30.00
20,000 to 39,999 sf	27.00
40,000 to 59,999 sf	25.00
60,000 to 99,999 sf	20.00
More than 100,000 sf	18.00
High Tech/R&D	45.00

Vacancy Indicators	
Less than 5,000 sf	Balanced Market
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Balanced Market
High Tech/R&D	Moderate Oversupply

Composition of Absorption	
Warehouse/Distribution	70%
Manufacturing	25%
High Tech/R&D	5%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Up 10%
Manufacturing	Up 10%
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same

Note - Compared to a year ago

Demographics

		Rank
Population:	8,804,062	1
Population Growth Rate:	1.83	
Unemployment Rate:	4.8%	
Median Household Income:	$31,276	37
Cost of Living Index:	126.5	6

Outlook

Sales Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Same
Site Prices	Up 5%
Absorption	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Up 5%
Construction	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Up 5%
Dollar Volume - Sales	Up 5%
Dollar Volume - Leases	Same

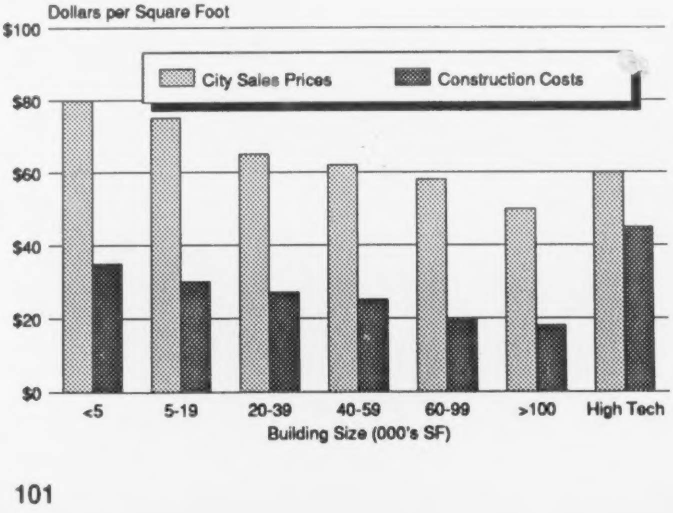
1989 Review

This is the tightest of the L.A. industrial submarkets, with a scant 3.9 percent vacancy rate at the end of 1989. Demand was steady and rents rose only moderately. Absorption was largely weighted toward warehouse/distribution space. Land prices were up sharply this year, reflecting their scarcity. Building quality and amenities were improving under the pressure of competition, and ceiling heights moved toward 30' clear.

1990 Forecast

Steady development of speculative space, at approximately one million sq. ft. over the year, would conform to this market's norm. The population increase in Southern California is the dominant force driving this market, and East Los Angeles is well situated to serve its need for large industrial facilities. SIOR's reporters indicate a prevailing optimism in the local business community, and the outlook for most market measures is up five percent in 1990.

Sales Prices vs. Construction Costs
Los Angeles-East



Los Angeles-Orange County, California: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	-	150,085,608
Vacant	-	19,449,883
Vacancy Rates	-	13.0%
Under Construction	-	1,928,600
Net Absorption	-	12,658,634

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	88.00-110.00
5,000 to 19,999 sf	-	75.00-83.00
20,000 to 39,999 sf	-	65.00-74.00
40,000 to 59,999 sf	-	56.00-70.00
60,000 to 99,999 sf	-	55.00-66.00
More than 100,000 sf	-	45.00-56.00
High Tech/R&D	-	85.00-130.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	6.60-9.00
5,000 to 19,999 sf	-	5.64-6.84
20,000 to 39,999 sf	-	5.04-6.00
40,000 to 59,999 sf	-	4.80-5.76
60,000 to 99,999 sf	-	4.32-4.80
More than 100,000 sf	-	4.20-4.80
High Tech/R&D	-	7.80-14.00

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	-	16.00-22.00
2 to 5 Acres	-	14.00-20.00
5 to 10 Acres	-	13.00-15.00
More than 10 Acres	-	12.00-14.00
Unimproved Sites		
Less than 10 Acres	-	10.00-12.00
10 to 100 Acres	-	9.50-11.00
More than 100 Acres	-	n/a

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	28.00-30.00
5,000 to 19,999 sf	26.00-27.00
20,000 to 39,999 sf	22.00-25.00
40,000 to 59,999 sf	18.00-22.00
60,000 to 99,999 sf	17.00-21.00
More than 100,000 sf	15.00-16.00
High Tech/R&D	35.00-40.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Oversupply
5,000 to 19,999 sf	Moderate Oversupply
20,000 to 39,999 sf	Moderate Oversupply
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Moderate Shortage
High Tech/R&D	Substantial Oversupply

Composition of Absorption	
Warehouse/Distribution	50%
Manufacturing	10%
High Tech/R&D	40%
Rate of Construction	
Warehouse/Distribution	Down 10%
Manufacturing	Down 10%
High Tech/R&D	Up 10%
Dollar Volume - Sales	
Warehouse/Distribution	Down 10%
Manufacturing	Down 10%
High Tech/R&D	Down 5%
Dollar Volume - Leases	
Warehouse/Distribution	Down 10%
Manufacturing	Down 10%
High Tech/R&D	Down 15%

Note - Compared to a year ago

Demographics

		Rank
Population:	2,296,839	15
Population Growth Rate:	1.94	
Unemployment Rate:	3.20%	
Median Household Income:	$41,181	5
Cost of Living Index:	132.3	3

Outlook

Sales Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Up 6-10%
Manufacturing	Up 6-10%
High Tech/R&D	Same
Site Prices	Up 10-15%
Absorption	
Warehouse/Distribution	Same
Manufacturing	Down 1-5%
High Tech/R&D	Up 1-5%
Construction	
Warehouse/Distribution	Down 1-5%
Manufacturing	Down 1-5%
High Tech/R&D	Up 1-5%
Dollar Volume - Sales	Down 1-5%
Dollar Volume - Leases	Down 1-5%

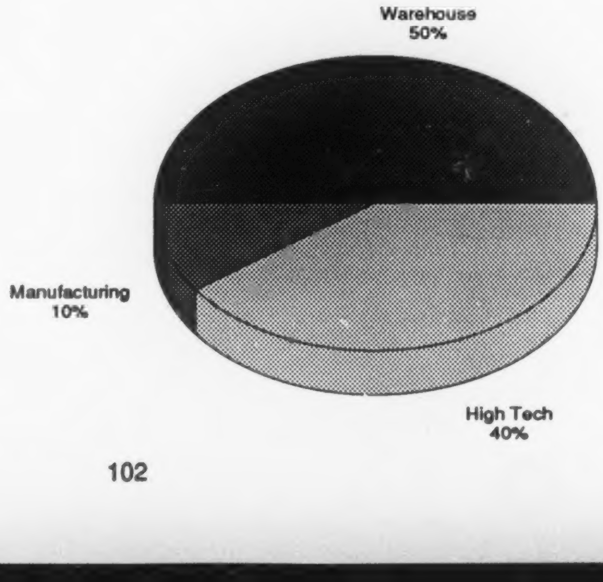
1989 Review

The Eighties have been a booming decade for Orange County, and the industrial market ended with a strong year for absorption with 12.7 million sq. ft. Even so, SIOR's local correspondent reported that demand appeared to be down from its 1988 level. Part of the reason may be the high proportion of R&D activity, which is especially vulnerable to the looming downturn in defense. Thus, the dollar volume of leasing activity in the high-tech sector was down 15 percent from the prior year.

1990 Forecast

Population and employment growth are projected to sustain the pace which has made Orange County one of the nation's strongest economies. The shortage of available land will retard the rate of speculative industrial construction. Development opportunities, in fact, are virtually sold in an auction atmosphere. Site prices are expected to see the strongest upward pressure, rising 10 to 15 percent this year. The south part of the county, which is controlled by a few major land holders, will have the largest share of the activity.

Composition of Absorption
Los Angeles-Orange County



Los Angeles-San Bernardino County, California: Industrial

San Bernardino / Riverside Metropolitan Area

Market Data

Inventory (sf)	Central City	Suburban
Total	35,000,000	-
Vacant	15,000,000	-
Vacancy Rates	42.9%	-
Under Construction	6,000,000	-
Net Absorption	11,000,000	-

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	55.00	-
5,000 to 19,999 sf	49.00	-
20,000 to 39,999 sf	44.00	-
40,000 to 59,999 sf	38.00	-
60,000 to 99,999 sf	36.00	-
More than 100,000 sf	34.00	-
High Tech/R&D	-	-

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	4.68	-
5,000 to 19,999 sf	4.32	-
20,000 to 39,999 sf	4.20	-
40,000 to 59,999 sf	4.08	-
60,000 to 99,999 sf	3.72	-
More than 100,000 sf	3.48	-
High Tech/R&D	7.80	-

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	6.50	-
2 to 5 Acres	6.00	-
5 to 10 Acres	5.25	-
More than 10 Acres	4.50	-
Unimproved Sites		
Less than 10 Acres	3.75	-
10 to 100 Acres	3.00	-
More than 100 Acres	2.50	-

Prime Source of Financing:
Insurance Companies, Commercial Banks

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	26.00
5,000 to 19,999 sf	24.00
20,000 to 39,999 sf	22.00
40,000 to 59,999 sf	18.00
60,000 to 99,999 sf	16.00
More than 100,000 sf	14.00
High Tech/R&D	-

Vacancy Indicators	
Less than 5,000 sf	Moderate Shortage
5,000 to 19,999 sf	Moderate Oversupply
20,000 to 39,999 sf	Moderate Oversupply
40,000 to 59,999 sf	Substantial Oversupply
60,000 to 99,999 sf	
More than 100,000 sf	Balanced Market
High Tech/R&D	Substantial Oversupply

Composition of Absorption	
Warehouse/Distribution	80%
Manufacturing	17%
High Tech/R&D	3%
Rate of Construction	
Warehouse/Distribution	Up 10%
Manufacturing	Same
High Tech/R&D	Down 10%
Dollar Volume - Sales	
Warehouse/Distribution	Up 10%
Manufacturing	Up 5%
High Tech/R&D	Down 10%
Dollar Volume - Leases	
Warehouse/Distribution	Up 10%
Manufacturing	Same
High Tech/R&D	Down 10%

Note - Compared to a year ago

Demographics

		Rank
Population:	2,277,982	16
Population Growth Rate:	4.31	
Unemployment Rate:	6.40%	
Median Household Income:	$27,720	65
Cost of Living Index:	106.7	16

Outlook

Sales Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Down 10%
Lease Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Down 10%
Site Prices	Up 10%
Absorption	
Warehouse/Distribution	Up 10%
Manufacturing	Up 5%
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Up 5%
High Tech/R&D	Same
Dollar Volume - Sales	Up 10%
Dollar Volume - Leases	Up 10%

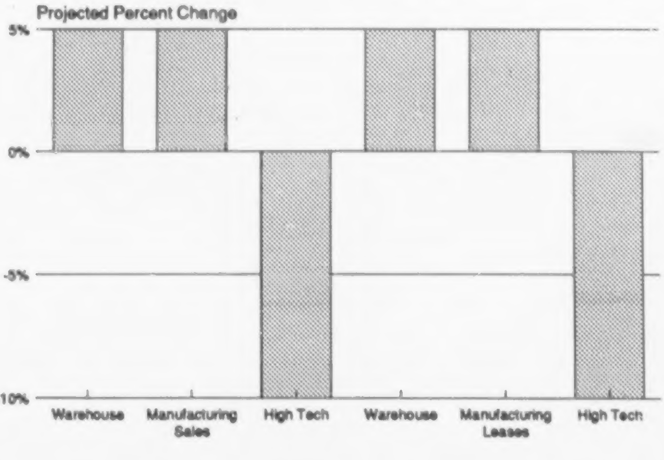
1989 Review

Statistics from this market area chart the explosive expansion of the Inland Empire. Although 15 million sq. ft. of vacant inventory exists, this represents little more than a year's supply at 1989's absorption rate. Therefore additional new construction continued to go into the ground. Demand was greatest at the size extremes: for distribution buildings 100,000 sq. ft. or larger, and for facilities smaller than 20,000 sq. ft. When leased, developers find ready buyers for their product with insurance companies the most active purchasers.

1990 Forecast

Another active year for construction is foreseen. Absorption should also be strong, in the eight to 10 million sq. ft. range. Locally affordable housing is shoring up the labor pool and attracting firms from Los Angeles and Orange counties. Lower industrial lease rates and land costs are also part of the Inland Empire's lure. The Ontario International Airport is but one node of industrial park activity. SIOR's reporters note that the market is arriving at the stage of maturity where it is promoting internal expansion needs.

Sales & Lease Price Outlook
Los Angeles-San Bernardino/Riverside



Los Angeles-San Fernando Valley, California: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	135,000,000	35,000,000
Vacant	6,000,000	2,000,000
Vacancy Rates	4.4%	5.7%
Under Construction	2,300,000	1,000,000
Net Absorption	4,200,000	1,900,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	90.00	80.00
5,000 to 19,999 sf	85.00	77.00
20,000 to 39,999 sf	65.00	60.00
40,000 to 59,999 sf	55.00	48.00
60,000 to 99,999 sf	48.00	43.00
More than 100,000 sf	47.00	45.00
High Tech/R&D	82.00	72.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	9.90	8.90
5,000 to 19,999 sf	9.50	8.50
20,000 to 39,999 sf	7.90	7.25
40,000 to 59,999 sf	6.75	6.25
60,000 to 99,999 sf	7.25	6.60
More than 100,000 sf	6.80	6.25
High Tech/R&D	10.00	8.00

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	35.00	15.00
2 to 5 Acres	27.00	12.00
5 to 10 Acres	27.00	11.00
More than 10 Acres	25.00	10.00
Unimproved Sites		
Less than 10 Acres	n/a	5.00-7.00
10 to 100 Acres	n/a	5.00-6.00
More than 100 Acres	n/a	4.00-5.00

Prime Source of Financing:
Insurance Companies, Commercial Banks

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	30.00
5,000 to 19,999 sf	28.50
20,000 to 39,999 sf	26.05
40,000 to 59,999 sf	20.75
60,000 to 99,999 sf	17.95
More than 100,000 sf	15.35
High Tech/R&D	25.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Shortage
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Moderate Oversupply
60,000 to 99,999 sf	Moderate Oversupply
More than 100,000 sf	Balanced Market
High Tech/R&D	Moderate Oversupply

Composition of Absorption	
Warehouse/Distribution	55%
Manufacturing	30%
High Tech/R&D	15%
Rate of Construction	
Warehouse/Distribution	Up 52%
Manufacturing	Up 52%
High Tech/R&D	Down 60%
Dollar Volume - Sales	
Warehouse/Distribution	Up 12%
Manufacturing	Up 12%
High Tech/R&D	Down 5%
Dollar Volume - Leases	
Warehouse/Distribution	Up 6%
Manufacturing	Up 8%
High Tech/R&D	Down 10%

Note - Compared to a year ago

Demographics

		Rank
Population:	8,804,062	1
Population Growth Rate:	1.83	
Unemployment Rate:	4.8%	
Median Household Income:	$31,276	37
Cost of Living Index:	126.5	6

Outlook

Sales Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Down 10%
Lease Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Down 10%
Site Prices	Up 10%
Absorption	
Warehouse/Distribution	Up 10%
Manufacturing	Up 10%
High Tech/R&D	Down 15%
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Same
Dollar Volume - Leases	Same

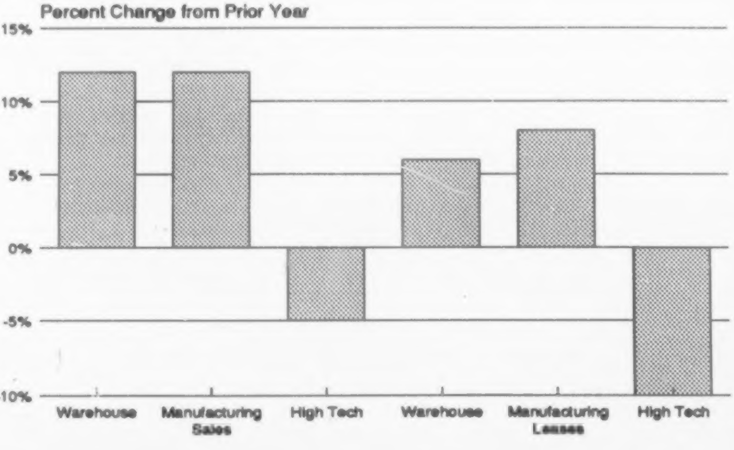
1989 Review

With a vacancy of only 4.7 percent in a 170 million sq. ft. market inventory, the San Fernando Valley qualifies as one of the strongest mature industrial markets in the nation. Demand for leased space reportedly slowed during 1989, and the 6.1 million sq. ft. of net absorption represented a turnover rate of only 3.6 percent. Sales of both production and distribution buildings were still brisk, though, with transactions up 12 percent for the year on a dollar-volume basis.

1990 Forecast

A 10 percent rebound in net absorption is expected to lead most market indicators upward during 1990. Less speculative construction is anticipated, as the market corrects its 52 percent rise in development activity in the year just ended. Upward pressure on land values will persist. The R&D sector is the one shadow over this market, affected both by oversupply and by demand retrenchment in the wake of Federal budgetary cuts.

Dollar Volume - Sales & Leases
Los Angeles-San Fernando Valley



Los Angeles-San Gabriel Valley, California: Industrial

San Gabriel Valley and Eastern L.A. County

Market Data

Inventory (sf)	Central City	Suburban
Total	-	42,000,000
Vacant	-	8,000,000
Vacancy Rates	-	19.0%
Under Construction	-	3,000,000
Net Absorption	-	6,000,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	72.00
5,000 to 19,999 sf	-	65.00
20,000 to 39,999 sf	-	60.00
40,000 to 59,999 sf	-	55.00
60,000 to 99,999 sf	-	45.00
More than 100,000 sf	-	43.00
High Tech/R&D	-	n/a

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	6.24
5,000 to 19,999 sf	-	5.04
20,000 to 39,999 sf	-	3.84-4.20
40,000 to 59,999 sf	-	3.48-3.72
60,000 to 99,999 sf	-	3.24-3.36
More than 100,000 sf	-	3.24-3.36
High Tech/R&D	-	n/a

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	-	13.50
2 to 5 Acres	-	12.50
5 to 10 Acres	-	11.50
More than 10 Acres	-	8.50-10.50
Unimproved Sites		
Less than 10 Acres	-	7.50
10 to 100 Acres	-	4.50
More than 100 Acres	-	n/a

Prime Source of Financing:
Insurance Companies, Commercial Banks

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	35.00
5,000 to 19,999 sf	30.00
20,000 to 39,999 sf	25.00
40,000 to 59,999 sf	19.00-22.00
60,000 to 99,999 sf	18.00
More than 100,000 sf	17.00
High Tech/R&D	n/a

Vacancy Indicators	
Less than 5,000 sf	Moderate Oversupply
5,000 to 19,999 sf	Moderate Oversupply
20,000 to 39,999 sf	Moderate Oversupply
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Balanced Market
High Tech/R&D	

Composition of Absorption	
Warehouse/Distribution	70%
Manufacturing	25%
High Tech/R&D	5%
Rate of Construction	
Warehouse/Distribution	Up 10%
Manufacturing	Up 5%
High Tech/R&D	Up
Dollar Volume - Sales	
Warehouse/Distribution	Up 20%
Manufacturing	Up 5%
High Tech/R&D	Up
Dollar Volume - Leases	
Warehouse/Distribution	Up 10%
Manufacturing	Up 5%
High Tech/R&D	Up

Note - Compared to a year ago

Demographics

		Rank
Population:	8,804,062	1
Population Growth Rate:	1.83%	
Unemployment Rate:	4.8%	
Median Household Income:	31,276	37
Cost of Living Index:	126.5	6

Outlook

Sales Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Up
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	n/a
Site Prices	Up 5%
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	n/a
Construction	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	n/a
Dollar Volume - Sales	Same
Dollar Volume - Leases	Same

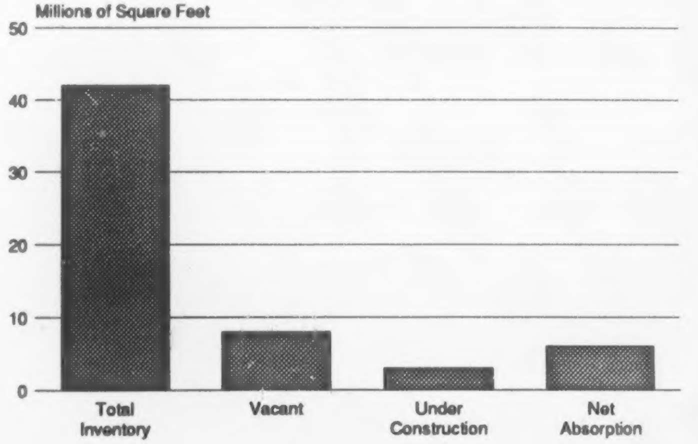
1989 Review

Last year brought excellent transaction volumes in both sales and leasing activity, especially in the large size categories. Net absorption was strong at six million sq. ft., representing a 14 percent turnover rate for this market. Warehouse and distribution functions accounted for 70 percent of the space taken. A 19 percent vacancy rate, however, indicates that the City of Industry found itself with excess capacity as 1989 ended, with problems concentrated in the smaller unit classifications.

1990 Forecast

With the market overextended at the beginning of the year, construction of new properties for lease will be greatly reduced in 1990. The high cost of carrying land will discourage speculation in a softening market. The City of Industry's role as a distribution point for the L.A. basin gives it some protection from the contraction of defense and aerospace manufacturing. Lease rates are expected to remain flat over the year, and sales prices are projected to rise a modest five percent by year-end.

Suburban Market Inventory
Los Angeles-San Gabriel Valley



Los Angeles-South Bay, California: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	-	171,008,000
Vacant	-	17,000,000
Vacancy Rates	-	9.9%
Under Construction	-	1,000,000
Net Absorption	-	n/a

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	77.00
5,000 to 19,999 sf	-	77.00
20,000 to 39,999 sf	-	71.00
40,000 to 59,999 sf	-	65.00
60,000 to 99,999 sf	-	54.00
More than 100,000 sf	-	49.00
High Tech/R&D	-	85.00

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	7.50
5,000 to 19,999 sf	-	6.50
20,000 to 39,999 sf	-	5.40
40,000 to 59,999 sf	-	4.85
60,000 to 99,999 sf	-	4.80
More than 100,000 sf	-	4.55
High Tech/R&D	-	10.50

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	-	20.00-25.00
2 to 5 Acres	-	20.00-25.00
5 to 10 Acres	-	15.00-22.00
More than 10 Acres	-	18.00-20.00
Unimproved Sites		
Less than 10 Acres	-	14.00-18.00
10 to 100 Acres	-	12.00-18.00
More than 100 Acres	-	12.00-18.00

Demographics

		Rank
Population:	8,804,062	1
Population Growth Rate:	1.83%	
Unemployment Rate:	4.8%	
Median Household Income:	31,276	37
Cost of Living Index:	126.5	6

Outlook

Sales Prices	
Warehouse/Distribution	Up 10%
Manufacturing	Up 10%
High Tech/R&D	Up 10%
Lease Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Same
Site Prices	Up 10-15%
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Down 10%
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Up 5-10%
Dollar Volume - Leases	Same

Prime Source of Financing:
Insurance Companies, Savings & Loans

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	37.00
5,000 to 19,999 sf	32.70
20,000 to 39,999 sf	27.90
40,000 to 59,999 sf	22.20
60,000 to 99,999 sf	19.10
More than 100,000 sf	16.45
High Tech/R&D	59.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Oversupply
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Substantial Oversupply
High Tech/R&D	Moderate Oversupply

Composition of Absorption	
Warehouse/Distribution	85%
Manufacturing	10%
High Tech/R&D	5%
Rate of Construction	
Warehouse/Distribution	Up 25%
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Down 1-5%
Manufacturing	Same
High Tech/R&D	Same

Note - Compared to a year ago

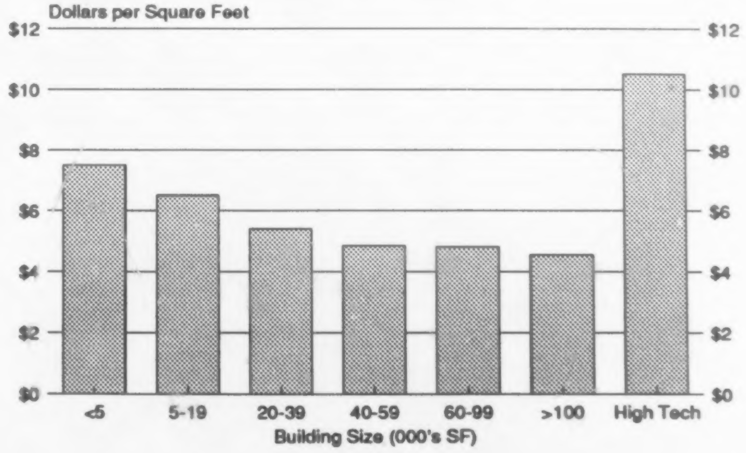
1989 Review

Acquisition demand for industrial properties was exceptionally strong in 1989. Most market segments found themselves in a healthy supply/demand equilibrium at year-end, with any oversupply concentrated in the largest and smallest size classes. Vacancy was down a full percentage point to 9.9 percent. Most absorption was concentrated in distribution buildings, but there is a trend toward more service-oriented business uses.

1990 Forecast

Developers are cautious about speculative development. Land is limited and very expensive, and these factors tend to rein in overly ambitious building plans. Site prices could rise as much as 15 percent during 1990. Strong trade volumes through the ports of Los Angeles and San Pedro should continue to support demand in the South Bay market. Investor interest is expected to occasion a capital-driven 10 percent increase in sales prices across the board. The defense-related high-tech sector is anticipating a 10 percent drop in absorption, even holding rents flat for the year.

Suburban Gross Lease Prices
Los Angeles-South Bay



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Los Angeles-West, California: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	n/a	-
Vacant	n/a	-
Vacancy Rates	n/a	-
Under Construction	n/a	-
Net Absorption	n/a	-

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	n/a	-
5,000 to 19,999 sf	n/a	-
20,000 to 39,999 sf	n/a	-
40,000 to 59,999 sf	n/a	-
60,000 to 99,999 sf	n/a	-
More than 100,000 sf	n/a	-
High Tech/R&D	n/a	-

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	n/a	-
5,000 to 19,999 sf	n/a	-
20,000 to 39,999 sf	n/a	-
40,000 to 59,999 sf	n/a	-
60,000 to 99,999 sf	n/a	-
More than 100,000 sf	n/a	-
High Tech/R&D	n/a	-

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	25.00-65.00	-
2 to 5 Acres	25.00-60.00	-
5 to 10 Acres	23.00-50.00	-
More than 10 Acres	23.00-50.00	-
Unimproved Sites		
Less than 10 Acres	23.00-50.00	-
10 to 100 Acres	23.00-50.00	-
More than 100 Acres	n/a	-

Prime Source of Financing:
Insurance Companies, Pension Funds

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	40.00
5,000 to 19,999 sf	35.00-40.00
20,000 to 39,999 sf	30.00-40.00
40,000 to 59,999 sf	25.00-30.00
60,000 to 99,999 sf	20.00-30.00
More than 100,000 sf	25.00
High Tech/R&D	30.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Oversupply
5,000 to 19,999 sf	Moderate Oversupply
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Balanced Market
High Tech/R&D	Moderate Oversupply

Composition of Absorption	
Warehouse/Distribution	35%
Manufacturing	20%
High Tech/R&D	45%
Rate of Construction	
Warehouse/Distribution	Down 5-10%
Manufacturing	Down 5-10%
High Tech/R&D	Down 5-10%
Dollar Volume - Sales	
Warehouse/Distribution	Down 5%
Manufacturing	Down 5%
High Tech/R&D	Down 5%
Dollar Volume - Leases	
Warehouse/Distribution	Down 5%
Manufacturing	Same
High Tech/R&D	Up 5-10%

Note - Compared to a year ago

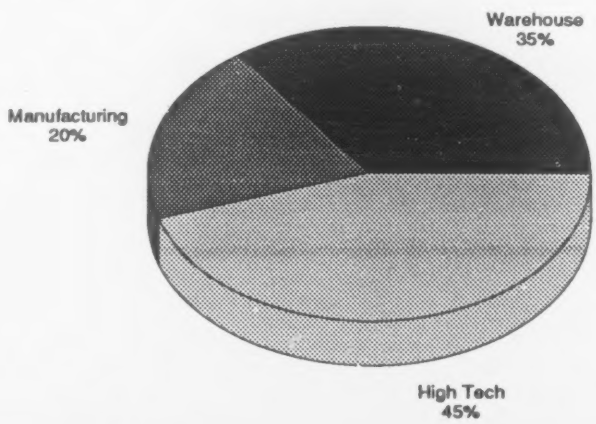
Demographics

		Rank
Population:	8,804,062	1
Population Growth Rate:	1.83%	
Unemployment Rate:	4.8%	
Median Household Income:	$31,276	37
Cost of Living Index:	126.5	6

Outlook

Sales Prices	
Warehouse/Distribution	Up 6-10%
Manufacturing	Up 6-10%
High Tech/R&D	Up 6-10%
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Site Prices	Up 6-10%
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Down 5-10%
Manufacturing	Down 5-10%
High Tech/R&D	Down 5-10%
Dollar Volume - Sales	Same
Dollar Volume - Leases	Same

Composition of Absorption
Los Angeles-West



1989 Review

This market, which has reported inventory shortages in past years, appears to have weakened during 1989. Construction volumes and transaction activity were generally slower than the previous year, and SIOR's local respondent noted that rents stalled in the last six months of 1989. Demand from users for the purchase of their facilities has been strong, and this is raising prices for all buyers.

1990 Forecast

The concentration of high-tech users as a percentage of total absorption should be a warning signal in the coming year. With land sale prices at $30 and up, and the prevalence of redevelopment of existing sites, speculative new construction will be rare. West Los Angeles may be feeling competitive pressures from other submarkets increasing during 1990.

Louisville, Kentucky: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	n/a	n/a
Vacant	n/a	n/a
Vacancy Rates	n/a	n/a
Under Construction	n/a	n/a
Net Absorption	n/a	n/a

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	27.50	26.00
5,000 to 19,999 sf	25.00	24.00
20,000 to 39,999 sf	22.00	20.00
40,000 to 59,999 sf	20.00	18.00
60,000 to 99,999 sf	18.00	18.00
More than 100,000 sf	18.00	17.00
High Tech/R&D	n/a	n/a

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	3.75	3.75
5,000 to 19,999 sf	3.75	3.50
20,000 to 39,999 sf	3.50	3.50
40,000 to 59,999 sf	3.50	3.25
60,000 to 99,999 sf	3.25	3.00
More than 100,000 sf	3.25	3.00
High Tech/R&D	n/a	7.50

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	2.00	1.50
2 to 5 Acres	1.75	1.50
5 to 10 Acres	1.50	1.25
More than 10 Acres	1.50	1.25
Unimproved Sites		
Less than 10 Acres	n/a	0.80
10 to 100 Acres	n/a	0.70
More than 100 Acres	n/a	0.50

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Moderate

Construction Costs	
Less than 5,000 sf	30.00
5,000 to 19,999 sf	25.00
20,000 to 39,999 sf	22.00
40,000 to 59,999 sf	20.00
60,000 to 99,999 sf	18.00
More than 100,000 sf	18.00
High Tech/R&D	n/a

Vacancy Indicators	
Less than 5,000 sf	Substantial Shortage
5,000 to 19,999 sf	Substantial Shortage
20,000 to 39,999 sf	Substantial Shortage
40,000 to 59,999 sf	Substantial Shortage
60,000 to 99,999 sf	Substantial Shortage
More than 100,000 sf	Substantial Shortage
High Tech/R&D	Moderate Shortage

Composition of Absorption	
Warehouse/Distribution	70%
Manufacturing	25%
High Tech/R&D	5%
Rate of Construction	
Warehouse/Distribution	Up 10%
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Up 10%
Manufacturing	Up 5%
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Up 10%
Manufacturing	Up 5%
High Tech/R&D	Same

Note - Compared to a year ago

Demographics

		Rank
Population:	968,700	41
Population Growth Rate:	0.14%	
Unemployment Rate:	7.40%	
Median Household Income:	$27,383	69
Cost of Living Index:	94.3	62

Outlook

Sales Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Same
Site Prices	Up 10%
Absorption	
Warehouse/Distribution	Up 10%
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Up 10%
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Up 5%
Dollar Volume - Leases	Up 10%

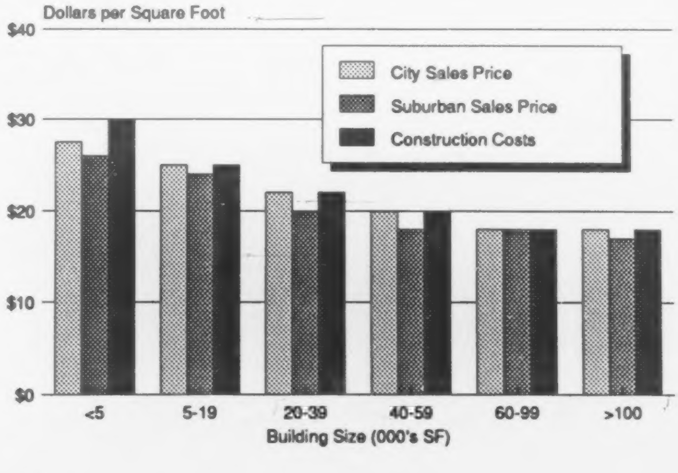
1989 Review

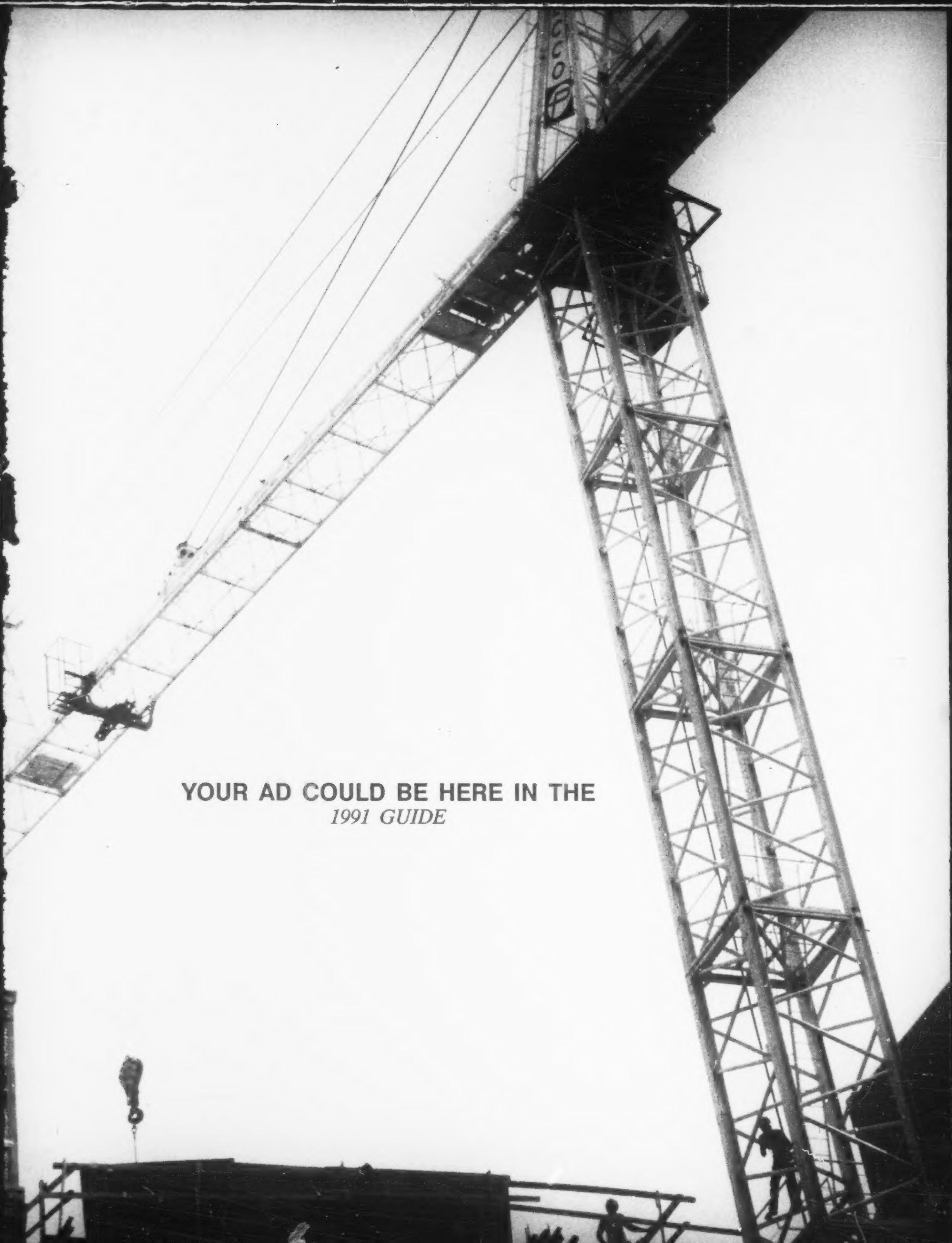
SIOR's local reporter characterizes Louisville as a tight industrial market in all size categories. Warehousing demand, which accounts for 70 percent of all industrial absorption, has been consistently strong for modern space. Manufacturing demand has been more moderate, especially from the locally important appliance and truck assembly industries. Louisville is the overnight air freight hub for United Parcel Service, and such service/processing installations are bulwarks for the market.

1990 Forecast

Local developers are guarded in their outlook for 1990, and limited speculative development is slated. The opening of new cargo-handling and barge facilities at the Louisville/Jefferson County Riverport could contribute to the 10 percent increase in warehouse absorption. An upgrading and expansion program at the airport is expected to bolster the market over the three-to-five year time span. Louisville finds itself faced with competitive pressures from surrounding Midwest distribution markets, including Cincinnati, Indianapolis and Nashville.

Sales Prices vs. Construction Costs
Louisville

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1991 GUIDE

Melbourne/South Brevard County, Florida: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	-	2,239,725
Vacant	-	530,230
Vacancy Rates	-	23.7%
Under Construction	-	41,000
Net Absorption	-	135,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	28.00-37.00
5,000 to 19,999 sf	-	28.00-33.00
20,000 to 39,999 sf	-	25.00-28.00
40,000 to 59,999 sf	-	20.00-28.00
60,000 to 99,999 sf	-	20.00-28.00
More than 100,000 sf	-	20.00-28.00
High Tech/R&D	-	42.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	3.60-5.75
5,000 to 19,999 sf	-	3.50-4.80
20,000 to 39,999 sf	-	3.35-4.80
40,000 to 59,999 sf	-	3.35-4.80
60,000 to 99,999 sf	-	3.35-4.80
More than 100,000 sf	-	3.35-4.80
High Tech/R&D	-	4.60-6.70

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	-	0.70-1.40
2 to 5 Acres	-	0.70-1.40
5 to 10 Acres	-	0.70-1.40
More than 10 Acres	-	0.65-0.80
Unimproved Sites		
Less than 10 Acres	-	0.60-0.80
10 to 100 Acres	-	0.60-0.80
More than 100 Acres	-	0.60-0.80

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	28.00
5,000 to 19,999 sf	26.00
20,000 to 39,999 sf	26.00
40,000 to 59,999 sf	26.00
60,000 to 99,999 sf	24.00
More than 100,000 sf	22.00
High Tech/R&D	38.00-45.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Shortage
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Moderate Oversupply
40,000 to 59,999 sf	Moderate Oversupply
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Balanced Market
High Tech/R&D	Moderate Oversupply

Composition of Absorption	
Warehouse/Distribution	20%
Manufacturing	60%
High Tech/R&D	20%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Up 6-10%
Manufacturing	Up 0-5%
High Tech/R&D	Up 0-5%

Note - Compared to a year ago

Demographics

		Rank
Population:	399,509	82
Population Growth Rate:	4.32%	
Unemployment Rate:	5.10%	
Median Household Income:	$32,092	30
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Site Prices	Same
Absorption	
Warehouse/Distribution	Up 6-10%
Manufacturing	Up 6-10%
High Tech/R&D	Up 6-10%
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Up 6-10%
Dollar Volume - Leases	Up 6-10%

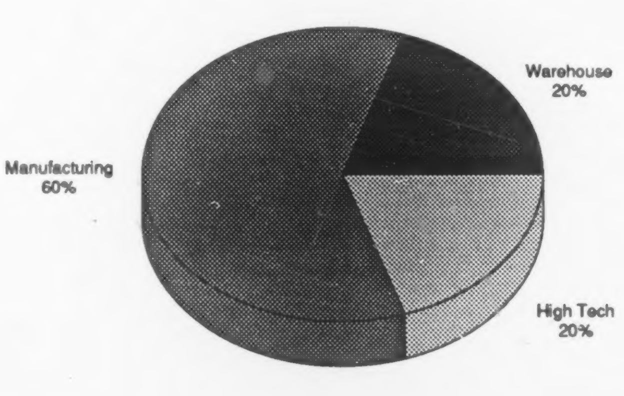
1989 Review

Florida's "Space Coast," centered on Cape Canaveral, is a specialized industrial market concentrating on engineering, electronics and related aerospace manufacturing. It is a small market of only 2.2 million sq. ft., with pockets of oversupply in mid-sized facilities. In 1989, vacancy was nearly 24 percent, rental rates and sales prices were flat, and little new construction was attempted. The dollar volume of warehouse leasing activity picked up six to 10 percent from the previous year, but still accounted for only 20 percent of the market's new absorption.

1990 Forecast

Little suggests that this market will heat up quickly in 1990. The commercialization of the space industry could provide a boost but this will be slow in coming. Similarly, Port Canaveral has ample land for expansion and would require additional storage facilities if cruise ship activity were to increase. All of these remain "ifs," though. As things now stand, speculative industrial development is not foreseen for 1990 and the market will be moving only slowly toward better balance.

Composition of Absorption
Melbourne/South Brevard County



Memphis, Tennessee: Industrial

Shelby County TN, DeSoto County MS, and Crittenden County AR

Market Data

Inventory (sf)	Central City	Suburban
Total	40,500,000	60,500,000
Vacant	2,150,000	1,825,000
Vacancy Rates	5.3%	3.0%
Under Construction	300,000	4,400,000
Net Absorption	-200,000	5,400,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	15.00	30.00
5,000 to 19,999 sf	12.00	28.00
20,000 to 39,999 sf	12.00	26.00
40,000 to 59,999 sf	12.00	24.00
60,000 to 99,999 sf	11.00	22.00
More than 100,000 sf	10.00	20.00
High Tech/R&D	n/a	70.00

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	3.00	4.00
5,000 to 19,999 sf	2.50	2.75
20,000 to 39,999 sf	2.15	2.60
40,000 to 59,999 sf	2.15	2.50
60,000 to 99,999 sf	1.95	2.35
More than 100,000 sf	1.70	2.25
High Tech/R&D	n/a	7.50

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	0.75-1.50	2.25
2 to 5 Acres	0.75-1.25	2.25-2.50
5 to 10 Acres	0.75-1.25	1.75-2.25
More than 10 Acres	0.60-0.90	1.00-1.75
Unimproved Sites		
Less than 10 Acres	0.40-0.90	0.75-1.00
10 to 100 Acres	0.40-0.70	0.55-0.75
More than 100 Acres	n/a	0.45-0.55

Prime Source of Financing:
Insurance Companies, Commercial Banks, Pension Funds

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	20.00
5,000 to 19,999 sf	18.00
20,000 to 39,999 sf	17.00
40,000 to 59,999 sf	16.00
60,000 to 99,999 sf	15.00
More than 100,000 sf	14.00
High Tech/R&D	30.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Shortage
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Moderate Shortage
40,000 to 59,999 sf	Moderate Shortage
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Balanced Market
High Tech/R&D	Moderate Oversupply

Composition of Absorption	
Warehouse/Distribution	90%
Manufacturing	5%
High Tech/R&D	5%
Rate of Construction	
Warehouse/Distribution	Up 50%
Manufacturing	Same
High Tech/R&D	Up 10%
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Up 5%
Dollar Volume - Leases	
Warehouse/Distribution	Up 25%
Manufacturing	Same
High Tech/R&D	Up 10%

Note - Compared to a year ago

Demographics

		Rank
Population:	987,955	38
Population Growth Rate:	0.87%	
Unemployment Rate:	3.60%	
Median Household Income:	$25,162	82
Cost of Living Index:	98.2	44

Outlook

Sales Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Same
High Tech/R&D	Up 5%
Lease Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Same
High Tech/R&D	Up 5%
Site Prices	Up 5-10%
Absorption	
Warehouse/Distribution	Down 50%
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Down 50%
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Same
Dollar Volume - Leases	Same

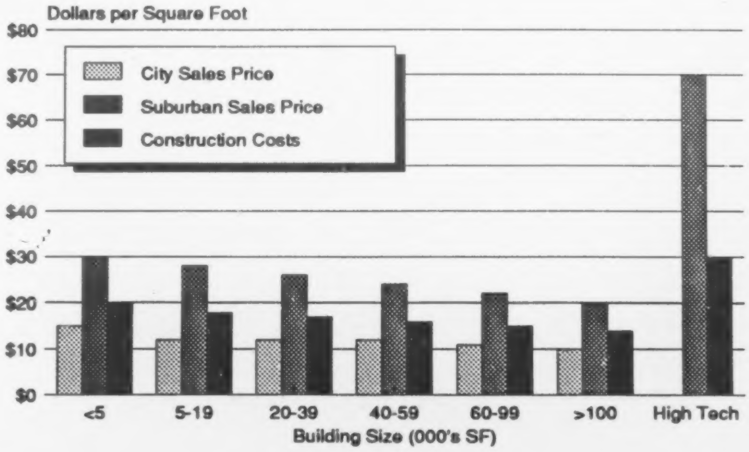
1989 Review

1989 saw a decided shift in this market from an oversupplied state to conditions of space shortage in most industrial property categories. Vacancy was only 3.9 percent in this 101 million sq. ft. market, which serves as a regional and national distribution hub. There were more than 3.5 million sq. ft. of build-to-suit warehouses developed in 1989, compared with normal annual production of one million sq. ft. Rental rates and building sales prices are still inexpensive by national standards, but land costs began to see upward pressure.

1990 Forecast

Development is likely to slow down from 1989's frantic pace. Suburban product is scarce, however, and over one million sq. ft. of new distribution space should be anticipated in 1990. Demand will be strongest in the largest size category: 100,000 to 500,000 sq. ft. centers. Rental rates and sales prices are expected to edge up five percent, in the judgment of SIOR's local research committee.

Sales Prices vs. Construction Costs
Memphis



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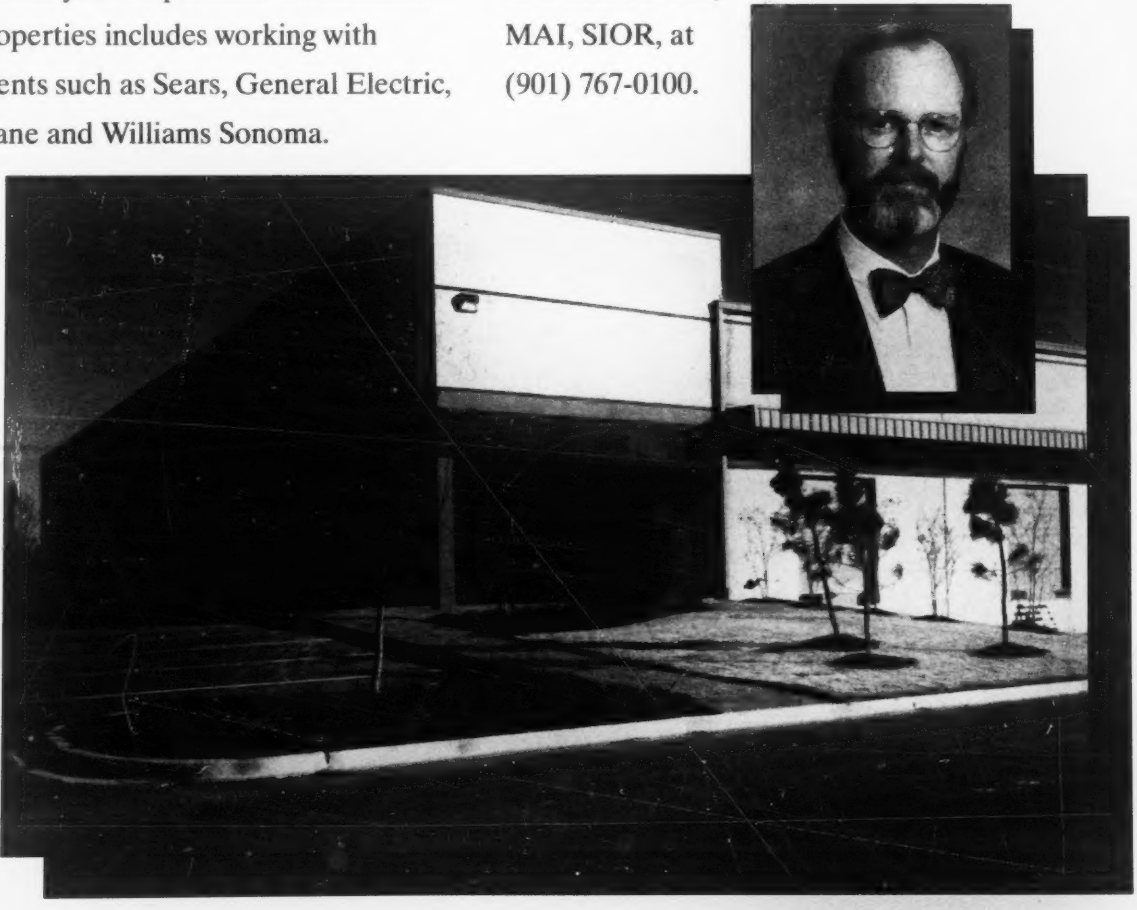

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Miami, Florida: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	61,500,000	52,000,000
Vacant	2,000,000	2,080,000
Vacancy Rates	3.3%	4.0%
Under Construction	200,000	1,600,000
Net Absorption	800,000	2,000,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	25.00	45.00
5,000 to 19,999 sf	20.00	38.00
20,000 to 39,999 sf	19.00	35.00
40,000 to 59,999 sf	17.00	33.00
60,000 to 99,999 sf	16.00	31.00
More than 100,000 sf	15.00	27.00
High Tech/R&D	-	50.00

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	3.00	5.25
5,000 to 19,999 sf	2.75	4.75
20,000 to 39,999 sf	2.50	4.35
40,000 to 59,999 sf	2.25	4.10
60,000 to 99,999 sf	2.00	3.75
More than 100,000 sf	1.90	3.50
High Tech/R&D	-	7.50

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	3.00	6.50
2 to 5 Acres	2.75	5.50
5 to 10 Acres	2.50	5.00
More than 10 Acres	-	4.00
Unimproved Sites		
Less than 10 Acres	-	3.00
10 to 100 Acres	-	1.60
More than 100 Acres	-	-

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	28.00
5,000 to 19,999 sf	26.00
20,000 to 39,999 sf	23.00
40,000 to 59,999 sf	21.00
60,000 to 99,999 sf	19.00
More than 100,000 sf	18.00
High Tech/R&D	30.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Shortage
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Moderate Shortage
40,000 to 59,999 sf	Moderate Shortage
60,000 to 99,999 sf	Substantial Shortage
More than 100,000 sf	Substantial Shortage
High Tech/R&D	Moderate Oversupply

Composition of Absorption	
Warehouse/Distribution	70%
Manufacturing	20%
High Tech/R&D	10%
Rate of Construction	
Warehouse/Distribution	Up 15%
Manufacturing	Down 5%
High Tech/R&D	Up 10%
Dollar Volume - Sales	
Warehouse/Distribution	Up 15%
Manufacturing	Up 15%
High Tech/R&D	Up 10%
Dollar Volume - Leases	
Warehouse/Distribution	Up 15%
Manufacturing	Same
High Tech/R&D	Up 10%

Note - Compared to a year ago

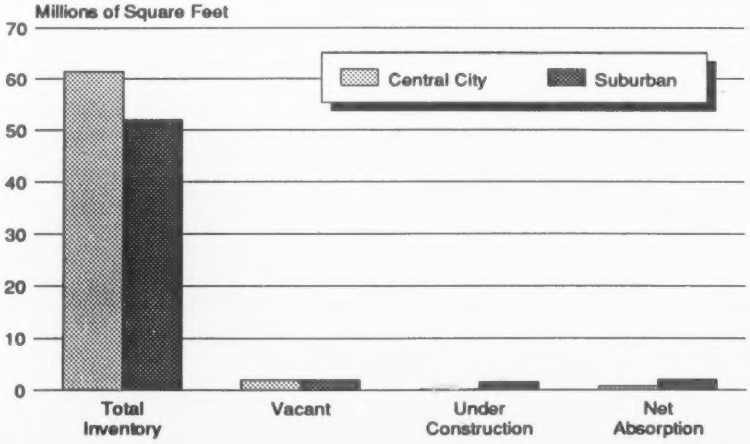
Demographics

		Rank
Population:	1,827,876	20
Population Growth Rate:	1.31%	
Unemployment Rate:	6.40%	
Median Household Income:	$27,350	70
Cost of Living Index:	110.1	10

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Down 5%
Lease Prices	
Warehouse/Distribution	Up 10%
Manufacturing	Same
High Tech/R&D	Down 5%
Site Prices	Up 10%
Absorption	
Warehouse/Distribution	Up 15%
Manufacturing	Up 15%
High Tech/R&D	Up 10%
Construction	
Warehouse/Distribution	Up 15%
Manufacturing	Same
High Tech/R&D	Up 10%
Dollar Volume - Sales	Up 10%
Dollar Volume - Leases	Up 10%

Market Inventory
Miami



1989 Review

Transaction volumes improved smartly during 1989 and the Miami industrial market tightened measurably. Net absorption of 2.8 million sq. ft. exceeded the 1.8 million sq. ft. of new development, bringing the vacancy rate down to 3.6 percent of the market inventory. Rents rose $0.25 per sq. ft. from 1988 levels, with warehouse/distribution facilities capturing the lion's share of activity.

1990 Forecast

Developers are cautious about the tricky South Florida economy, and will be building only to meet evident current demand. Cargo movements through the Port of Miami are on the upswing again after the sag in export activity in the mid-80s. Rents in the warehouse sector are projected to rise 10 percent, on an anticipated 15 percent increase in absorption. Only the overbuilt high-tech facilities are exceptions to the upbeat outlook reported by SIOR's Miami reporters.

Milwaukee, Wisconsin: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	100,000,000	30,000,000
Vacant	10,500,000	1,500,000
Vacancy Rates	10.5%	5.0%
Under Construction	0	2,000,000
Net Absorption	1,000,000	500,000

Prime Source of Financing:
Insurance Companies

Mortgage Money Supply:
Ample

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	n/a	30.00-35.00
5,000 to 19,999 sf	n/a	22.00-28.00
20,000 to 39,999 sf	n/a	18.00-23.00
40,000 to 59,999 sf	n/a	15.00-22.00
60,000 to 99,999 sf	n/a	12.00-19.00
More than 100,000 sf	n/a	7.00-15.00
High Tech/R&D	-	-

Construction Costs	
Less than 5,000 sf	35.00-40.00
5,000 to 19,999 sf	30.00-35.00
20,000 to 39,999 sf	25.00
40,000 to 59,999 sf	20.00-25.00
60,000 to 99,999 sf	20.00-22.00
More than 100,000 sf	18.00-20.00
High Tech/R&D	35.00-45.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	n/a	4.00-4.50
5,000 to 19,999 sf	n/a	3.25-3.75
20,000 to 39,999 sf	n/a	2.50-3.00
40,000 to 59,999 sf	n/a	2.00-2.75
60,000 to 99,999 sf	n/a	1.75-2.50
More than 100,000 sf	n/a	1.25-2.25
High Tech/R&D	-	-

Vacancy Indicators	
Less than 5,000 sf	Moderate Shortage
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Moderate Shortage
40,000 to 59,999 sf	Moderate Shortage
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Balanced Market
High Tech/R&D	

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	n/a	0.80-1.40
2 to 5 Acres	n/a	0.80-1.40
5 to 10 Acres	n/a	0.80-1.40
More than 10 Acres	n/a	0.25-0.80
Unimproved Sites		
Less than 10 Acres	n/a	0.25-0.60
10 to 100 Acres	n/a	0.25-0.35
More than 100 Acres	n/a	0.12-0.25

Composition of Absorption	
Warehouse/Distribution	55%
Manufacturing	45%
High Tech/R&D	0%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same

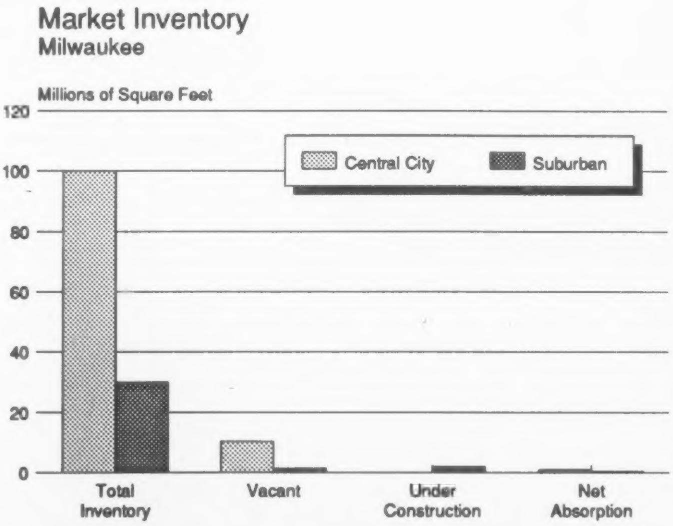
Note - Compared to a year ago

Demographics

		Rank
Population:	1,403,983	25
Population Growth Rate:	0.05%	
Unemployment Rate:	4.00%	
Median Household Income:	$31,997	31
Cost of Living Index:	102.0	25

Outlook

Sales Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Up 1-5%
High Tech/R&D	Up 1-5%
Lease Prices	
Warehouse/Distribution	Up 10%
Manufacturing	Up 5%
High Tech/R&D	Same
Site Prices	Up 10%
Absorption	
Warehouse/Distribution	Up 10%
Manufacturing	Up 5%
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Same
Dollar Volume - Sales	Up 10-15%
Dollar Volume - Leases	Up 10-15%



1989 Review

An active and balanced market emerged for Milwaukee in 1989. Net absorption of 1.5 million sq. ft. lowered the overall vacancy rate to 9.2 percent, a marked improvement over 1988's 10.4 percent figure. Most leases have been for small units (under 10,000 sq. ft.), but the average size of deals increased. Manufacturing and distribution were nicely balanced last year as components of absorption, a healthy sign of the market's diversification. Rents were $0.10 to $0.50 above levels reported in 1988.

1990 Forecast

Another encouraging year is in prospect. Rents are not yet at the point where major new development will occur, but builders are acquiring sites to position themselves for the next round of construction. Hence, land prices are anticipated to jump upward 10 percent in 1990. SIOR's correspondents are also looking for an active year in transactions, with the dollar volume of sales and leases up between 10 and 15 percent.

Minneapolis/St. Paul, Minnesota: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	76,000,000	111,000,000
Vacant	4,900,000	8,100,000
Vacancy Rates	6.4%	7.3%
Under Construction	850,000	1,750,000
Net Absorption	1,000,000	2,200,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	n/a	n/a
5,000 to 19,999 sf	18.00-24.00	25.00-33.00
20,000 to 39,999 sf	16.00-24.00	25.00-33.00
40,000 to 59,999 sf	13.00-23.00	23.00-33.00
60,000 to 99,999 sf	11.00-22.00	16.00-22.00
More than 100,000 sf	10.00-20.00	14.00-22.00
High Tech/R&D	n/a	35.00-50.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	4.00	6.00
5,000 to 19,999 sf	3.25	5.50
20,000 to 39,999 sf	3.00	5.25
40,000 to 59,999 sf	2.75	5.00
60,000 to 99,999 sf	2.60	4.50
More than 100,000 sf	n/a	n/a
High Tech/R&D	n/a	6.00-8.00

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	3.00-5.00	1.50-3.00
2 to 5 Acres	3.00	1.50-3.00
5 to 10 Acres	n/a	1.25-2.75
More than 10 Acres	n/a	1.00-2.00
Unimproved Sites		
Less than 10 Acres	n/a	1.00
10 to 100 Acres	n/a	0.25
More than 100 Acres	n/a	0.20

Prime Source of Financing:
Insurance Companies

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	42.00
5,000 to 19,999 sf	30.00
20,000 to 39,999 sf	26.00
40,000 to 59,999 sf	23.00
60,000 to 99,999 sf	21.00
More than 100,000 sf	20.00
High Tech/R&D	45.00-50.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Shortage
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Moderate Shortage
High Tech/R&D	Balanced Market

Composition of Absorption	
Warehouse/Distribution	40%
Manufacturing	40%
High Tech/R&D	20%
Rate of Construction	
Warehouse/Distribution	Down 10%
Manufacturing	Down 10%
High Tech/R&D	Down 10%
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Down 5%
Dollar Volume - Leases	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Down 5%

Note - Compared to a year ago

Demographics

		Rank
Population:	2,414,094	13
Population Growth Rate:	1.36%	
Unemployment Rate:	3.80%	
Median Household Income:	$36,862	8
Cost of Living Index:	99.8	36

Outlook

Sales Prices	
Warehouse/Distribution	Down 5%
Manufacturing	Down 5%
High Tech/R&D	Down 5%
Lease Prices	
Warehouse/Distribution	Down 5%
Manufacturing	Down 5%
High Tech/R&D	Down 5%
Site Prices	Same
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Down 2-5%
Manufacturing	Down 2-5%
High Tech/R&D	Down 2-5%
Dollar Volume - Sales	Down 5%
Dollar Volume - Leases	Down 5%

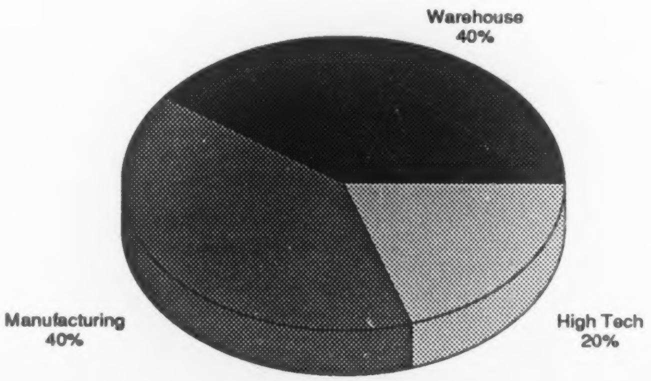
1989 Review

Significant inroads were made on the Twin Cities' inventory of available space in 1989. Net absorption of 3.2 million sq. ft. brought the vacancy rate down to seven percent. New construction was 2.6 million sq. ft. Absorption was evenly divided between the production and distribution functions (each with 40 percent of the total), and R&D captured 20 percent of the market activity. Rental rates and sales prices held steady over the year, with some slowdown in transaction volume in the high-tech end of the market.

1990 Forecast

The local economy continues to be based upon technology, distribution and food production services. Construction of new speculative space is likely to be down again this year. Developers are concentrating on the safer build-to-suit segment of the market. Bulk warehousing enjoys a modest advantage over facilities with higher office components. The conservative outlook of SIOR's reporters reflects the deceleration of the local economy. Most market measures are projected to be down two to five percent in 1990.

Composition of Absorption
Minneapolis/St. Paul



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Left to right, standing: Sherman Malkerson; John Gabrielson, SIOR; Bruce Bermel, SIOR. Seated: James Benson, SIOR; David Bruce, SIOR; Steven Eriksson.

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Mobile, Alabama: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	1,850,000	1,500,000
Vacant	350,000	100,000
Vacancy Rates	18.9%	6.7%
Under Construction	0	50,000
Net Absorption	150,000	100,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	25.00	28.00
5,000 to 19,999 sf	22.00	25.00
20,000 to 39,999 sf	20.00	20.00
40,000 to 59,999 sf	18.00	18.00
60,000 to 99,999 sf	15.00	17.00
More than 100,000 sf	12.00	14.00
High Tech/R&D	30.00	35.00

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	3.75	4.00
5,000 to 19,999 sf	3.85	3.00
20,000 to 39,999 sf	2.50	2.50
40,000 to 59,999 sf	1.75	2.00
60,000 to 99,999 sf	1.50	2.00
More than 100,000 sf	1.50	2.00
High Tech/R&D	4.50	6.00

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	3.00	3.00
2 to 5 Acres	2.00	2.50
5 to 10 Acres	1.50	2.00
More than 10 Acres	1.00	1.50
Unimproved Sites		
Less than 10 Acres	0.75	0.75
10 to 100 Acres	0.50	0.50
More than 100 Acres	0.50	0.50

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Moderate

Construction Costs	
Less than 5,000 sf	30.00
5,000 to 19,999 sf	25.00
20,000 to 39,999 sf	18.00
40,000 to 59,999 sf	15.00
60,000 to 99,999 sf	14.00
More than 100,000 sf	12.50
High Tech/R&D	35.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Shortage
5,000 to 19,999 sf	
20,000 to 39,999 sf	
40,000 to 59,999 sf	Moderate Oversupply
60,000 to 99,999 sf	Moderate Oversupply
More than 100,000 sf	Moderate Shortage
High Tech/R&D	Balanced Market

Composition of Absorption	
Warehouse/Distribution	60%
Manufacturing	0%
High Tech/R&D	40%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Up
Dollar Volume - Sales	
Warehouse/Distribution	Down 20%
Manufacturing	Down 20%
High Tech/R&D	Down 10%
Dollar Volume - Leases	
Warehouse/Distribution	Up 20%
Manufacturing	Down 30%
High Tech/R&D	Same

Note - Compared to a year ago

Demographics

		Rank
Population:	492,524	72
Population Growth Rate:	1.17%	
Unemployment Rate:	8.30%	
Median Household Income:	$23,202	94
Cost of Living Index:	96.7	56

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Up 10%
Manufacturing	Down 10%
High Tech/R&D	Same
Site Prices	Same
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Up 15%
Dollar Volume - Sales	Up 10%
Dollar Volume - Leases	Up 10%

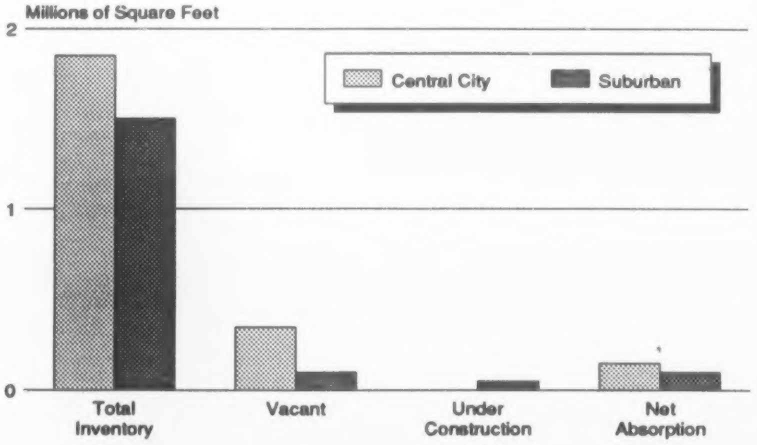
1989 Review

Mobile's industrial market contains a modest 3.35 million sq. ft. in total inventory, and 1989's net absorption of 250,000 sq. ft. brought vacancy rates down substantially. Particularly, leasing of large warehouse/distribution space improved over the year. Mobile's port, now connected to inland waterways through the Tennessee-Tombigbee system, is seeing stronger paper and timber export activity. No major industry announcements were made locally in 1989, but the year saw indications of improvement in the fortunes of this key Gulf city.

1990 Forecast

With the exception of some small 15,000 - 30,000 sq. ft. service space, very little development is occurring. The recent sluggishness of the economy, and the residual oversupply in the 40,000 - 100,000 sq. ft. categories will keep building activity slow in 1990. With the completion of natural gas pipelines now under construction, further exploration of deposits in Mobile Bay would appear likely, spurring industrial space demand in the early years of the 1990s.

Market Inventory
Mobile



Nashua, New Hampshire: Industrial

Nashua, Hudson, Hollis, Amherst, and Merrimack

Market Data

Inventory (sf)	Central City	Suburban
Total	11,343,170	8,530,434
Vacant	1,495,983	1,253,030
Vacancy Rates	13.2%	14.7%
Under Construction	10,000	0
Net Absorption	-513,906	-105,502

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	60.00	50.00
5,000 to 19,999 sf	45.00	40.00
20,000 to 39,999 sf	40.00	35.00
40,000 to 59,999 sf	38.00	35.00
60,000 to 99,999 sf	35.00	32.00
More than 100,000 sf	32.00	30.00
High Tech/R&D	55.00	52.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	4.50	4.25
5,000 to 19,999 sf	4.25	4.00
20,000 to 39,999 sf	4.00	4.00
40,000 to 59,999 sf	4.00	4.00
60,000 to 99,999 sf	3.80	3.75
More than 100,000 sf	3.75	3.75
High Tech/R&D	6.00	5.75

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	3.50	2.10
2 to 5 Acres	3.00	1.80
5 to 10 Acres	2.75	1.75
More than 10 Acres	2.50	1.70
Unimproved Sites		
Less than 10 Acres	2.00	1.50
10 to 100 Acres	-	1.15
More than 100 Acres	-	1.00

Demographics

		Rank
Population:	181,876	96
Population Growth Rate:	2.75%	
Unemployment Rate:	4.90%	
Median Household Income:	$46,603	2
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Down 10%
High Tech/R&D	Down 10%
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Down 3%
High Tech/R&D	Down 5%
Site Prices	Down 10%
Absorption	
Warehouse/Distribution	Same
Manufacturing	Down 30%
High Tech/R&D	Down 25%
Construction	
Warehouse/Distribution	Same
Manufacturing	Down 10%
High Tech/R&D	Down 50%
Dollar Volume - Sales	Up 30%
Dollar Volume - Leases	Up 10%

Prime Source of Financing:
Insurance Companies

Mortgage Money Supply:
Ample

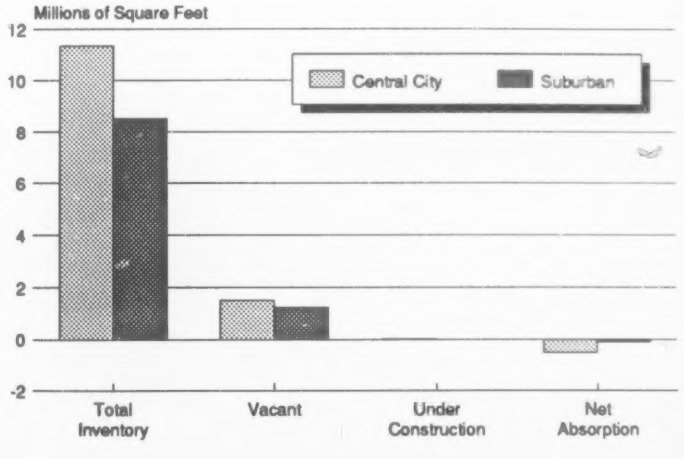
Construction Costs	
Less than 5,000 sf	36.00
5,000 to 19,999 sf	33.00
20,000 to 39,999 sf	32.00
40,000 to 59,999 sf	30.00
60,000 to 99,999 sf	29.00
More than 100,000 sf	28.00
High Tech/R&D	58.00

Vacancy Indicators	
Less than 5,000 sf	Balanced Market
5,000 to 19,999 sf	Moderate Oversupply
20,000 to 39,999 sf	Substantial Oversupply
40,000 to 59,999 sf	Moderate Oversupply
60,000 to 99,999 sf	Moderate Oversupply
More than 100,000 sf	Substantial Oversupply
High Tech/R&D	Moderate Oversupply

Composition of Absorption	
Warehouse/Distribution	13%
Manufacturing	44%
High Tech/R&D	43%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Down 50%
High Tech/R&D	Down 200%
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Up 40%
High Tech/R&D	Down 50%
Dollar Volume - Leases	
Warehouse/Distribution	Down 42%
Manufacturing	Up 225%
High Tech/R&D	Down 22%

Note - Compared to a year ago

Market Inventory
Nashua



1989 Review

This southern New Hampshire market, which rode the New England technology boom of the 80s, found itself confronted with a high-tech headache in 1989. Net absorption in the market was a negative 620,000 sq. ft. and vacancies pushed up to the 13.8 percent mark. The year ended with ample space in all size categories and any new leases being offset by firms vacating facilities. With a heavy concentration in computers, electronics and communications equipment, Nashua has created a modern but relatively undiversified economic base that will now have to ride out an industry downswing.

1990 Forecast

More contraction is in prospect in 1990. It is hard to envision much of a development market this year, and it would be prudent to expect some pullback in rents. The area has seen a significant amount of space returned to the market, and consolidations, relocations and general belt-tightening will again be the order of 1990. The one positive consequence in the near-term could be an increase in sales activity, which SIOR's reporters see growing by 30 percent this year.

Nashville, Tennessee: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	1,500,000	102,500,000
Vacant	150,000	3,280,000
Vacancy Rates	10.0%	3.2%
Under Construction	0	950,000
Net Absorption	200,000	1,140,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	26.00	25.00
5,000 to 19,999 sf	25.00	25.00
20,000 to 39,999 sf	n/a	23.00
40,000 to 59,999 sf	n/a	20.00
60,000 to 99,999 sf	n/a	20.00
More than 100,000 sf	16.00	19.00
High Tech/R&D	n/a	30.00

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	3.75	3.75
5,000 to 19,999 sf	3.75	3.75
20,000 to 39,999 sf	3.50	3.00
40,000 to 59,999 sf	n/a	2.75
60,000 to 99,999 sf	n/a	2.75
More than 100,000 sf	n/a	2.60
High Tech/R&D	6.00	6.25

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	5.25	3.00
2 to 5 Acres	5.25	2.50
5 to 10 Acres	n/a	1.50
More than 10 Acres	n/a	1.50
Unimproved Sites		
Less than 10 Acres	n/a	0.80
10 to 100 Acres	n/a	0.50
More than 100 Acres	n/a	0.50

Prime Source of Financing:
Commercial Banks, Savings & Loan

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	20.00
5,000 to 19,999 sf	17.00
20,000 to 39,999 sf	16.00
40,000 to 59,999 sf	15.00
60,000 to 99,999 sf	13.00
More than 100,000 sf	13.00
High Tech/R&D	30.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Shortage
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Moderate Oversupply
More than 100,000 sf	Balanced Market
High Tech/R&D	Moderate Oversupply

Composition of Absorption	
Warehouse/Distribution	60%
Manufacturing	10%
High Tech/R&D	30%
Rate of Construction	
Warehouse/Distribution	Up 50%
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Up 8%
Dollar Volume - Leases	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Up 11%

Note - Compared to a year ago

Demographics

		Rank
Population:	988,773	37
Population Growth Rate:	1.69%	
Unemployment Rate:	3.10%	
Median Household Income:	$29,669	50
Cost of Living Index:	99.6	38

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Site Prices	Up 5%
Absorption	
Warehouse/Distribution	Up 15%
Manufacturing	Up 10%
High Tech/R&D	Up 10%
Construction	
Warehouse/Distribution	Same
Manufacturing	Up 5%
High Tech/R&D	Up 5%
Dollar Volume - Sales	Up 10%
Dollar Volume - Leases	Up 10%

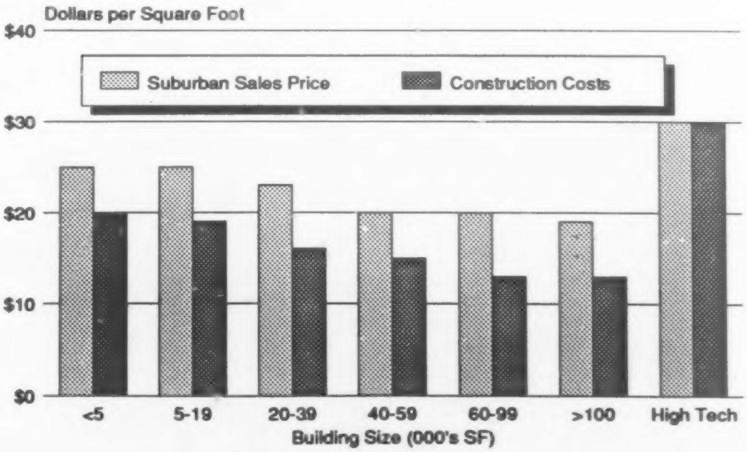
1989 Review

Leasing has been slow and concentrated in the small-unit end of the Nashville market in 1989. The market was generally in good supply/demand balance, with an overall vacancy rate of 3.3 percent. Only the 60,000 - 100,000 sq. ft. size class was deemed oversupplied. Rental rates and sales prices rose for suburban properties when compared with last year's market report. In the past year, most demand came from local companies relocating or expanding.

1990 Forecast

The Nashville economy will be bolstered in 1990 and subsequent years by expansions involving Nissan Motors, General Motors/Saturn and American Airlines. Warehousing and distribution activity will dominate demand in the region's core, while manufacturers and their suppliers will drive the outlying counties. A significant 10 to 15 percent increase in net absorption is expected in 1990, construction will rise a more restrained five percent, and transaction volume will increase an anticipated 10 percent.

Sales Prices vs. Construction Costs
Nashville



New Haven, Connecticut: Industrial

New Haven, East Haven, West Haven, North Haven, Branford, Wallingford, and Milford

Market Data

Inventory (sf)	Central City	Suburban
Total	6,500,000	28,000,000
Vacant	325,000	2,800,000
Vacancy Rates	5.0%	10.0%
Under Construction	0	600,000
Net Absorption	n/a	n/a

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Moderate

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	50.00	75.00
5,000 to 19,999 sf	48.00	62.00
20,000 to 39,999 sf	46.00	50.00
40,000 to 59,999 sf	45.00	48.00
60,000 to 99,999 sf	35.00	40.00
More than 100,000 sf	32.00	35.00
High Tech/R&D	n/a	70.00

Construction Costs	
Less than 5,000 sf	60.00
5,000 to 19,999 sf	55.00
20,000 to 39,999 sf	50.00
40,000 to 59,999 sf	48.00
60,000 to 99,999 sf	46.00
More than 100,000 sf	45.00
High Tech/R&D	60.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	5.50	6.25
5,000 to 19,999 sf	5.25	6.00
20,000 to 39,999 sf	5.25	5.50
40,000 to 59,999 sf	5.00	5.25
60,000 to 99.999 sf	4.75	5.00
More than 100,000 sf	4.25	4.50
High Tech/R&D	12.00	13.00

Vacancy Indicators	
Less than 5,000 sf	Substantial Shortage
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Moderate Shortage
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Balanced Market
High Tech/R&D	Balanced Market

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	3.75	5.15
2 to 5 Acres	3.50	4.35
5 to 10 Acres	n/a	3.00
More than 10 Acres	n/a	2.30
Unimproved Sites		
Less than 10 Acres	n/a	1.85
10 to 100 Acres	n/a	1.60
More than 100 Acres	n/a	1.15

Composition of Absorption	
Warehouse/Distribution	25%
Manufacturing	25%
High Tech/R&D	50%
Rate of Construction	
Warehouse/Distribution	Down 10%
Manufacturing	Down 10%
High Tech/R&D	Down 10%
Dollar Volume - Sales	
Warehouse/Distribution	Down 15%
Manufacturing	Down 15%
High Tech/R&D	Down 15%
Dollar Volume - Leases	
Warehouse/Distribution	Down 15%
Manufacturing	Down 15%
High Tech/R&D	Down 15%

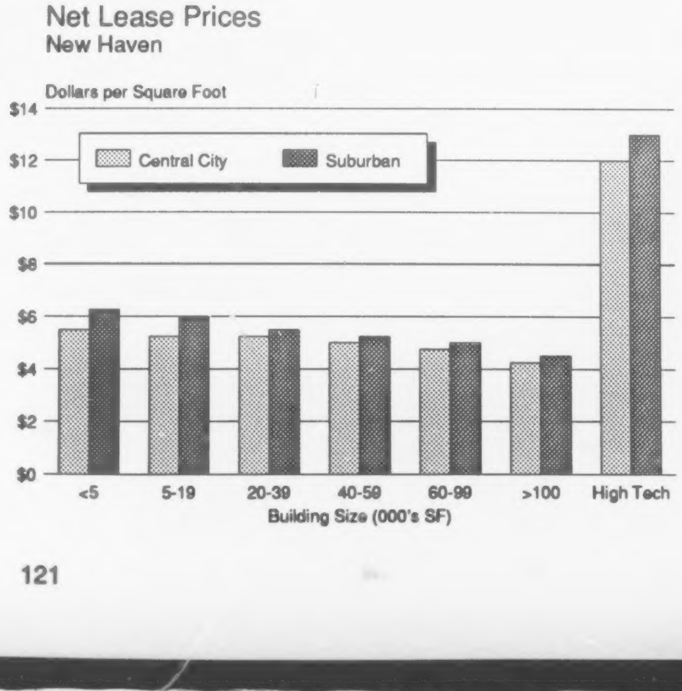
Note - Compared to a year ago

Demographics

		Rank
Population:	525,784	67
Population Growth Rate:	0.55%	
Unemployment Rate:	3.40%	
Median Household Income:	$37,237	7
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Down 15%
Manufacturing	Down 15%
High Tech/R&D	Down 10%
Site Prices	Down 10%
Absorption	
Warehouse/Distribution	Down 10%
Manufacturing	Down 10%
High Tech/R&D	Down 10%
Construction	
Warehouse/Distribution	Down 15%
Manufacturing	Down 15%
High Tech/R&D	Down 15%
Dollar Volume - Sales	Down 10%
Dollar Volume - Leases	Down 10%

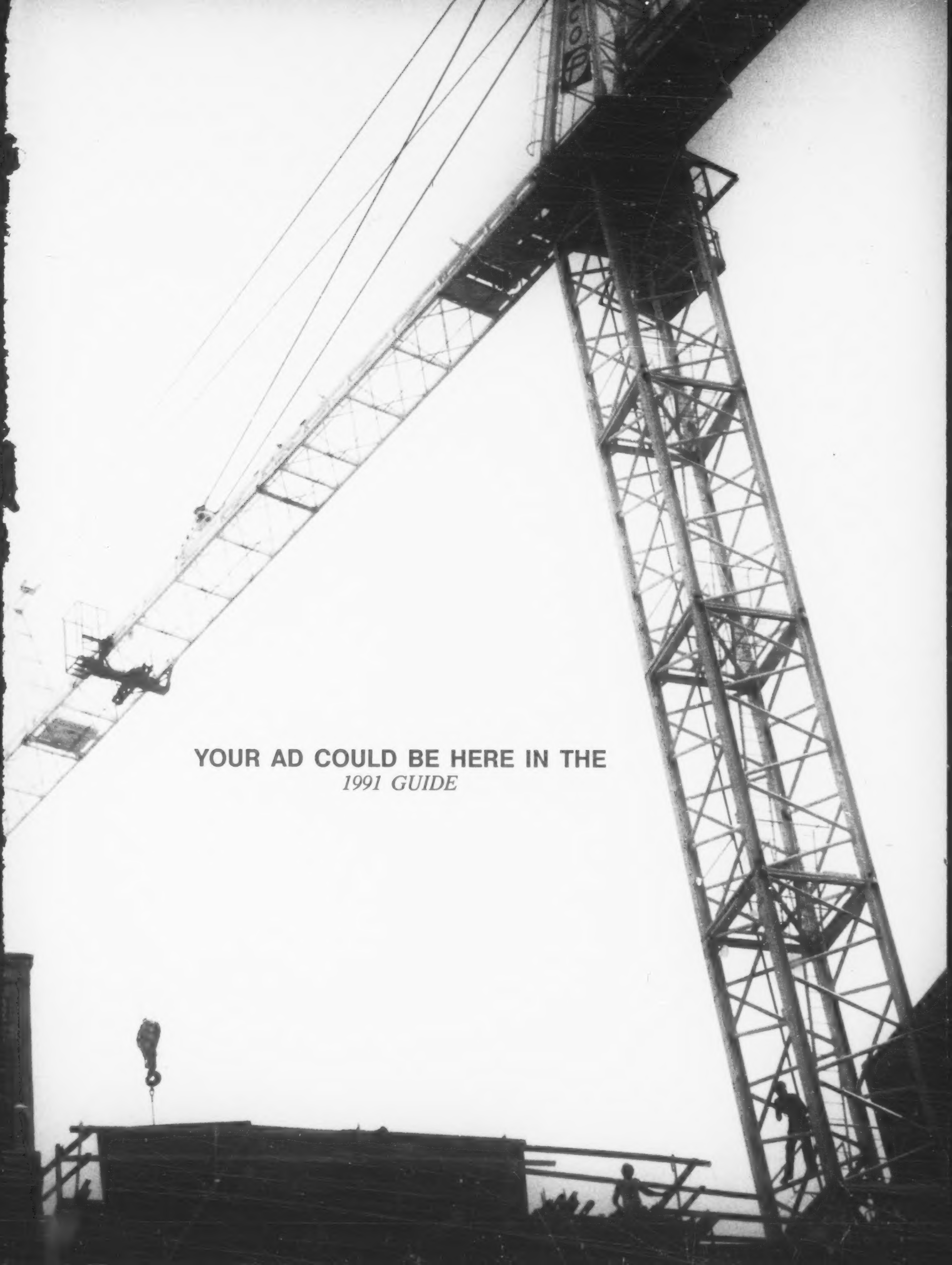


1989 Review

All the signs of a weakening industrial market are present in the New Haven statistics for 1989. Vacancies have increased to 3.1 million sq. ft. from 1.3 million sq. ft. a year ago, although the overall availability rate is still under 10 percent. Rents have shown stability over the year, but the market's performance is worrisome. SIOR's reporter indicated that user inquiries remained active, but deal closings were few. Looking on the positive side, the industrial market appears to be in better shape than the other elements of the eastern Connecticut real estate scene.

1990 Forecast

Rising costs of land, materials and troubles on the financing front mean that speculative development in this market will remain flat this year. A tremendous amount of unrented inventory has been returned to the market over the last two years, and local growth is not expected to take up the slack in 1990. The outlook is for most market measures to be down 10 to 15 percent over the next twelve months.



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1991 GUIDE

New Jersey-Central: Industrial

Mercer and portions of Middlesex, Monmouth, Morris, Somerset, and Union counties

Market Data

Inventory (sf)	Central City	Suburban
Total	n/a	n/a
Vacant	n/a	n/a
Vacancy Rates	n/a	n/a
Under Construction	n/a	n/a
Net Absorption	n/a	n/a

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Ample

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	25.00	45.00
5,000 to 19,999 sf	22.00	40.00
20,000 to 39,999 sf	15.00	38.00
40,000 to 59,999 sf	12.00	38.00
60,000 to 99,999 sf	12.00	32.00
More than 100,000 sf	10.00	30.00
High Tech/R&D	n/a	60.00

Construction Costs	
Less than 5,000 sf	n/a
5,000 to 19,999 sf	n/a
20,000 to 39,999 sf	n/a
40,000 to 59,999 sf	n/a
60,000 to 99,999 sf	n/a
More than 100,000 sf	n/a
High Tech/R&D	n/a

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	3.50	6.00
5,000 to 19,999 sf	3.00	5.50
20,000 to 39,999 sf	3.00	5.50
40,000 to 59,999 sf	2.50	5.00
60,000 to 99,999 sf	2.50	4.50
More than 100,000 sf	2.50	4.25
High Tech/R&D	7.50	10.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Shortage
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Moderate Shortage
High Tech/R&D	Moderate Oversupply

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	2.50	n/a
2 to 5 Acres	n/a	3.00
5 to 10 Acres	n/a	2.50
More than 10 Acres	n/a	2.00
Unimproved Sites		
Less than 10 Acres	n/a	2.00
10 to 100 Acres	n/a	1.50
More than 100 Acres	n/a	1.00

Composition of Absorption	
Warehouse/Distribution	80%
Manufacturing	15%
High Tech/R&D	5%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same

Note - Compared to a year ago

Demographics

		Rank
Population:	n/a	n/a
Population Growth Rate:	n/a	
Unemployment Rate:	n/a	
Median Household Income:	n/a	n/a
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Same
High Tech/R&D	Up 5%
Site Prices	Same
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Same
Dollar Volume - Leases	Same

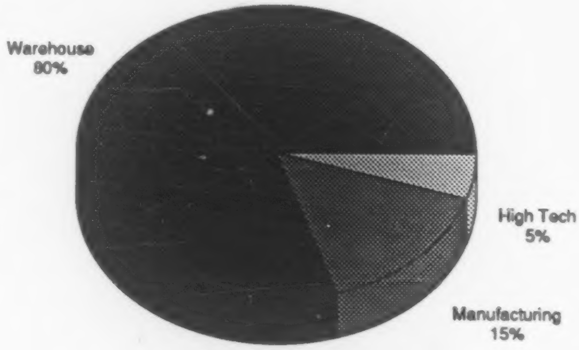
1989 Review

The size and complexity of this market area proved a daunting statistical hurdle for SIOR's local reporters. Qualitatively, the picture emerging is one of a distribution dominated market positioned midway between New York City and Philadelphia, and well-situated to serve the entire Eastern Seaboard. Tight-to-balanced supply demand conditions prevailed, with the exception of the overbuilt high-tech parks. Activity has been steady, but not spectacular during 1989. Mercer County is the market center, with most demand originating from firms already in the area.

1990 Forecast

Central New Jersey appears at least a year away from its next generation of speculative industrial development. Although the statewide economy is expected to be sluggish, this market area will be able to sustain some tightening in 1990, potentially pushing lease rates up by five percent. Foreign investment in the area has been expected for some time, but 1990 shapes up as another year of waiting for off-shore capital.

Composition of Absorption
New Jersey-Central



New Jersey-Northern: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	100,000,000	1,500,000,000
Vacant	7,000,000	90,000,000
Vacancy Rates	7.0%	6.0%
Under Construction	n/a	n/a
Net Absorption	n/a	n/a

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	50.00	75.00
5,000 to 19,999 sf	45.00	65.00
20,000 to 39,999 sf	45.00	60.00
40,000 to 59,999 sf	42.00	60.00
60,000 to 99,999 sf	40.00	55.00
More than 100,000 sf	40.00	45.00
High Tech/R&D	n/a	75.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	5.50	7.00
5,000 to 19,999 sf	5.00	6.50
20,000 to 39,999 sf	4.50	6.00
40,000 to 59,999 sf	4.50	5.50
60,000 to 99,999 sf	4.25	5.00
More than 100,000 sf	4.25	4.75
High Tech/R&D	n/a	8.50

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	7.00	10.00
2 to 5 Acres	6.00	8.00
5 to 10 Acres	5.00	7.00
More than 10 Acres	n/a	6.00
Unimproved Sites		
Less than 10 Acres	n/a	4.00
10 to 100 Acres	n/a	3.50
More than 100 Acres	n/a	2.50

Demographics

		Rank
Population:	1,895,623	n/a
Population Growth Rate:	0.10%	
Unemployment Rate:	n/a	
Median Household Income:	$40,118	n/a
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Site Prices	Same
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Same
Dollar Volume - Leases	Same

Prime Source of Financing:
Insurance Companies

Mortgage Money Supply:
Moderate

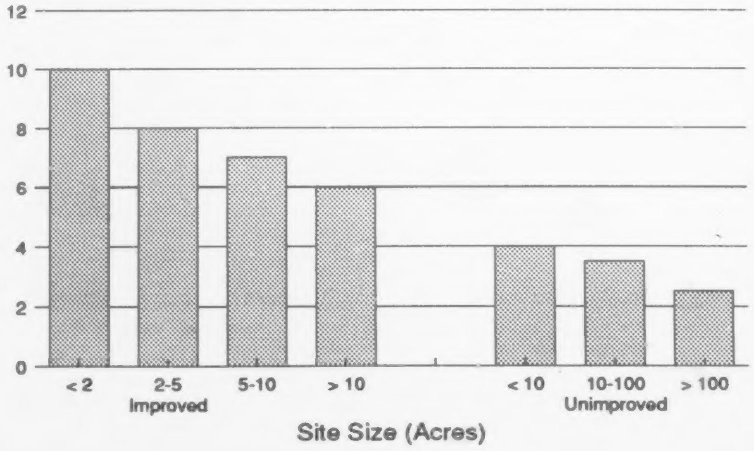
Construction Costs	
Less than 5,000 sf	45.00
5,000 to 19,999 sf	42.00
20,000 to 39,999 sf	40.00
40,000 to 59,999 sf	35.00
60,000 to 99,999 sf	32.00
More than 100,000 sf	30.00
High Tech/R&D	70.00

Vacancy Indicators	
Less than 5,000 sf	Balanced Market
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Moderate Oversupply
40,000 to 59,999 sf	Moderate Oversupply
60,000 to 99,999 sf	Moderate Oversupply
More than 100,000 sf	Moderate Oversupply
High Tech/R&D	Balanced Market

Composition of Absorption	
Warehouse/Distribution	65%
Manufacturing	30%
High Tech/R&D	5%
Rate of Construction	
Warehouse/Distribution	Up 3%
Manufacturing	Up 3%
High Tech/R&D	Up 3%
Dollar Volume - Sales	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Down 20%
Manufacturing	Down 20%
High Tech/R&D	Same

Note - Compared to a year ago

Suburban Site Prices
New Jersey-Northern



1989 Review

Some inkling of the size of this market can be gleaned by recognizing that its comparatively low 6.1 percent vacancy rate represents nearly one hundred million sq. ft. of empty space! Real estate demand has been constrained in this area as much by the unavailability of labor and by environmental sensitivities as by any real slackening in the economy. Smaller units were in good balance relative to user requirements, but facilties larger than 20,000 sq. ft. were overbuilt. Some rationale for the abundance of industrial development here can be seen in the sales prices ranging from $45 to $75 per sq. ft.

1990 Forecast

Lack of developable land and enormous site costs will severely restrict construction activity in 1990. Lenders will be more cautious, too, in the wake of the RTC's late 1989 takeover of City Federal Savings. Warehousing will lease more rapidly than manufacturing facilities. The relatively well-balanced R&D market will continue to benefit from sophisticated corporate users like AT&T, Johnson & Johnson and others. Market conditions look generally unchanged for the coming year.

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Individual
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New Jersey-Southern: Industrial

Burlington, Camden, and Gloucester Counties

Market Data

Inventory (sf)	Central City	Suburban
Total	-	22,000,000
Vacant	-	8,000,000
Vacancy Rates	-	36.4%
Under Construction	-	300,000
Net Absorption	-	n/a

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	n/a
5,000 to 19,999 sf	-	n/a
20,000 to 39,999 sf	-	n/a
40,000 to 59,999 sf	-	n/a
60,000 to 99,999 sf	-	n/a
More than 100,000 sf	-	n/a
High Tech/R&D	-	n/a

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	4.50
5,000 to 19,999 sf	-	4.00
20,000 to 39,999 sf	-	3.80
40,000 to 59,999 sf	-	3.40
60,000 to 99,999 sf	-	3.25
More than 100,000 sf	-	3.00
High Tech/R&D	-	7.00-10.00

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	-	1.72
2 to 5 Acres	-	1.72
5 to 10 Acres	-	1.50
More than 10 Acres	-	1.38
Unimproved Sites		
Less than 10 Acres	-	1.15
10 to 100 Acres	-	1.10
More than 100 Acres	-	n/a

Demographics

		Rank
Population:	n/a	n/a
Population Growth Rate:	n/a	
Unemployment Rate:	n/a	
Median Household Income:	n/a	n/a
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Up 10%
Manufacturing	Up 10%
High Tech/R&D	Up 10%
Lease Prices	
Warehouse/Distribution	Down 10%
Manufacturing	Down 10%
High Tech/R&D	Down 10%
Site Prices	Same
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Down
Manufacturing	Down
High Tech/R&D	Down
Dollar Volume - Sales	Same
Dollar Volume - Leases	Same

Prime Source of Financing:
Seller

Mortgage Money Supply:

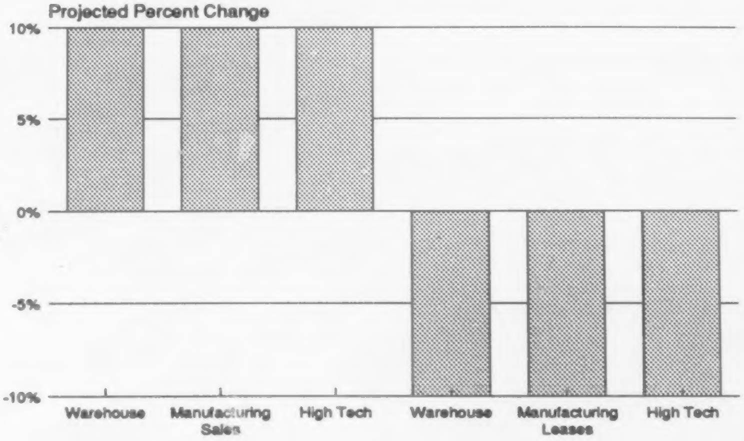
Construction Costs	
Less than 5,000 sf	45.00
5,000 to 19,999 sf	45.00
20,000 to 39,999 sf	40.00
40,000 to 59,999 sf	38.00
60,000 to 99,999 sf	35.00
More than 100,000 sf	27.00
High Tech/R&D	50.00

Vacancy Indicators	
Less than 5,000 sf	Balanced Market
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Moderate Oversupply
60,000 to 99,999 sf	Moderate Oversupply
More than 100,000 sf	Moderate Shortage
High Tech/R&D	Moderate Oversupply

Composition of Absorption	
Warehouse/Distribution	40%
Manufacturing	20%
High Tech/R&D	40%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Up 10-15%
Manufacturing	Up 10-15%
High Tech/R&D	Up 10-15%
Dollar Volume - Leases	
Warehouse/Distribution	Down 10%
Manufacturing	Down 10%
High Tech/R&D	Down 10%

Note - Compared to a year ago

Sales & Lease Price Outlook
New Jersey-Southern



1989 Review

Great interest in property for sale, but slightly slower demand for lease space counts as the headline story for the Southern New Jersey suburban industrial market. The basic economy remained good, and clearly less affected by the Northeast slowdown than the remainder of the state. Gloucester County, in particular, continued to move up the growth curve. But even there users found ample vacant space and competitive rents.

1990 Forecast

Trends in rental rates and sales prices are expected to continue on their diverging paths in 1990. Construction will likely pullback marginally, in the face of eight million sq. ft. of vacancies and the slippage in lease prices. The solid local economy gives this market some protection on the downside, and local expansion needs are likely to be supplemented by demand diverted from the higher cost New York-Northern New Jersey markets.

New Orleans, Louisiana: Industrial

Metropolitan New Orleans

Market Data

Inventory (sf)	Central City	Suburban
Total	21,000,000	33,800,000
Vacant	2,250,000	6,100,000
Vacancy Rates	10.7%	18.0%
Under Construction	0	32,000
Net Absorption	54,637	1,018,104

Prime Source of Financing:
Insurance Companies, Commercial Banks, Owner Financing
Mortgage Money Supply:
Tight

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	30.00	30.00
5,000 to 19,999 sf	24.00	25.00
20,000 to 39,999 sf	24.00	20.00
40,000 to 59,999 sf	20.00	20.00
60,000 to 99,999 sf	20.00	18.00
More than 100,000 sf	15.00	15.00
High Tech/R&D	n/a	45.00

Construction Costs	
Less than 5,000 sf	29.00
5,000 to 19,999 sf	25.00
20,000 to 39,999 sf	20.00
40,000 to 59,999 sf	19.00
60,000 to 99,999 sf	17.00
More than 100,000 sf	15.50
High Tech/R&D	25.00-40.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	n/a	3.50
5,000 to 19,999 sf	n/a	3.00
20,000 to 39,999 sf	n/a	2.50
40,000 to 59,999 sf	n/a	2.00
60,000 to 99,999 sf	n/a	2.00
More than 100,000 sf	n/a	2.00
High Tech/R&D	n/a	5.50

Vacancy Indicators	
Less than 5,000 sf	Substantial Shortage
5,000 to 19,999 sf	Moderate Oversupply
20,000 to 39,999 sf	Moderate Shortage
40,000 to 59,999 sf	Moderate Shortage
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Substantial Shortage
High Tech/R&D	Moderate Oversupply

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	4.00	1.00-5.00
2 to 5 Acres	4.00	1.00-4.00
5 to 10 Acres	3.50	0.50-3.50
More than 10 Acres	3.00	0.50-3.00
Unimproved Sites		
Less than 10 Acres	n/a	0.25-2.00
10 to 100 Acres	n/a	0.25-2.00
More than 100 Acres	n/a	0.25-2.00

Composition of Absorption	
Warehouse/Distribution	90%
Manufacturing	5%
High Tech/R&D	5%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Up 5%
Dollar Volume - Sales	
Warehouse/Distribution	Up 35%
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Up 25%
Manufacturing	Same
High Tech/R&D	Same

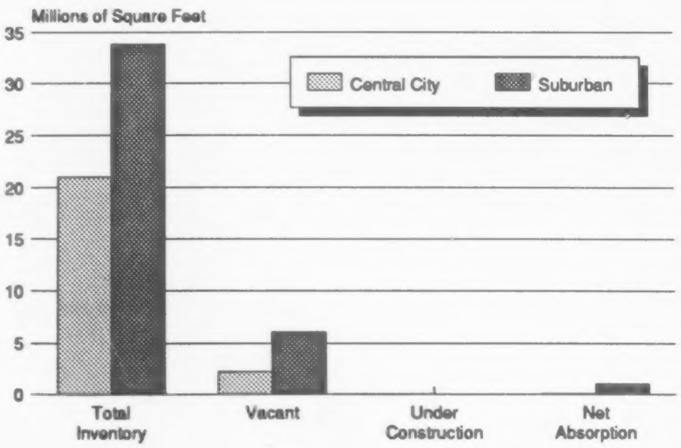
Note - Compared to a year ago

Demographics

		Rank
Population:	1,303,061	30
Population Growth Rate:	0.41%	
Unemployment Rate:	7.30%	
Median Household Income:	$24,707	84
Cost of Living Index:	97.8	46

Outlook

Sales Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Up 10%
Manufacturing	Same
High Tech/R&D	Up
Site Prices	Same
Absorption	
Warehouse/Distribution	Down 10%
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Same
Dollar Volume - Leases	Same


Market Inventory
New Orleans

1989 Review

Net absorption was positive for the first time in many years in New Orleans, with demand focussed almost exclusively on the warehousing/distribution sector. New Orlean's port, one of the most active in the nation, contributed to the recovery. Still, there is a long way to go before this market bounces back. The economy is still relatively undiversified; rental rates and sales prices are soft; several years of existing vacant inventory remain to be filled before developers can justify new buildings.

1990 Forecast

SIOR's New Orleans observers anticipate that small companies already in the market area will constitute the most important component of demand in 1990. Outside investment appears to be on the rise, and the intensified level of warehouse sales and leasing dollar volume is forecast to continue this year. The upturn in the oil and petrochemical industries should allow for additional improvements in the tenor of the market.

Market Data

Inventory (sf)	Central City	Suburban
Total	n/a	-
Vacant	n/a	-
Vacancy Rates	n/a	-
Under Construction	n/a	-
Net Absorption	n/a	-

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	50.00-150.00	-
5,000 to 19,999 sf	50.00-150.00	-
20,000 to 39,999 sf	50.00-125.00	-
40,000 to 59,999 sf	50.00-125.00	-
60,000 to 99,999 sf	n/a	-
More than 100,000 sf	n/a	-
High Tech/R&D	n/a	-

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	8.00-20.00	-
5,000 to 19,999 sf	6.50-15.00	-
20,000 to 39,999 sf	6.00-18.00	-
40,000 to 59,999 sf	6.00-18.00	-
60,000 to 99,999 sf	n/a	-
More than 100,000 sf	n/a	-
High Tech/R&D	n/a	-

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	n/a	-
2 to 5 Acres	n/a	-
5 to 10 Acres	n/a	-
More than 10 Acres	n/a	-
Unimproved Sites		
Less than 10 Acres	n/a	-
10 to 100 Acres	n/a	-
More than 100 Acres	n/a	-

Prime Source of Financing:
Insurance Companies, Commercial Banks, Owner Financing
Mortgage Money Supply:
Moderate

Construction Costs	
Less than 5,000 sf	n/a
5,000 to 19,999 sf	n/a
20,000 to 39,999 sf	n/a
40,000 to 59,999 sf	n/a
60,000 to 99,999 sf	n/a
More than 100,000 sf	n/a
High Tech/R&D	n/a

Vacancy Indicators	
Less than 5,000 sf	Balanced Market
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Moderate Shortage
40,000 to 59,999 sf	Moderate Shortage
60,000 to 99,999 sf	Substantial Shortage
More than 100,000 sf	Substantial Shortage
High Tech/R&D	Substantial Shortage

Composition of Absorption	
Warehouse/Distribution	n/a
Manufacturing	n/a
High Tech/R&D	n/a
Rate of Construction	
Warehouse/Distribution	n/a
Manufacturing	n/a
High Tech/R&D	n/a
Dollar Volume - Sales	
Warehouse/Distribution	Down 15%
Manufacturing	Down 15%
High Tech/R&D	Down
Dollar Volume - Leases	
Warehouse/Distribution	Down n/a%
Manufacturing	Down n/a%
High Tech/R&D	Down

Note - Compared to a year ago

Demographics

		Rank
Population:	8,617,968	2
Population Growth Rate:	0.45%	
Unemployment Rate:	6.20%	
Median Household Income:	$27,043	74
Cost of Living Index:	n/a	n/a

Outlook

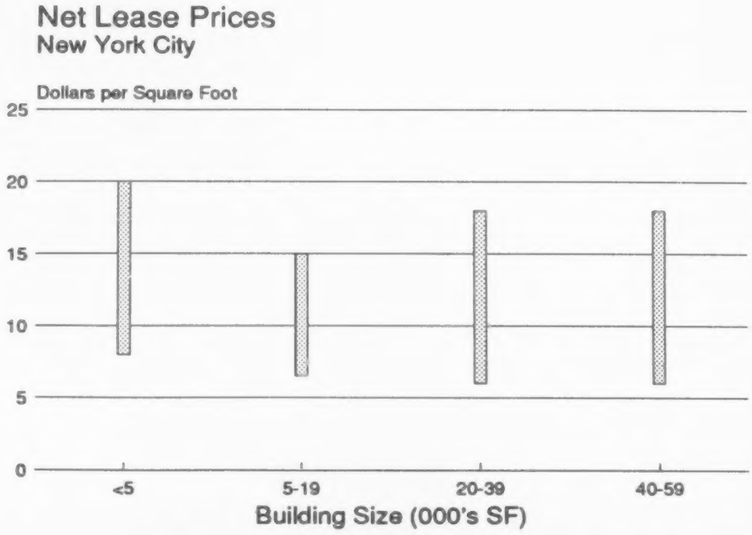
Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	n/a
Lease Prices	
Warehouse/Distribution	Down 10%
Manufacturing	Down 10%
High Tech/R&D	Down
Site Prices	Up n/a%
Absorption	
Warehouse/Distribution	Down 0%
Manufacturing	Down 0%
High Tech/R&D	Down
Construction	
Warehouse/Distribution	Down
Manufacturing	Down
High Tech/R&D	Down
Dollar Volume - Sales	n/a
Dollar Volume - Leases	n/a

1989 Review

There is really a minimal amount of industrial space in Manhattan, much of it consisting of one-story buildings under 10,000 sq. ft. used as taxi fleet garages, or for repair and installation services. Multi-story loft buildings are used for light assembly functions, the printing trade, the garment industry, or as showroom/distribution space. Demand has been small, and most of the market activity is in leasing rather than sales. The stall in the regional economy has kept this unusual urban industrial market flat during 1989.

1990 Forecast

Continued atrophy is the most probable forecast. New facilities are highly unlikely, since market rents for this property type are not consistent with the costs of acquiring or assembling land and today's construction costs. Manufacturing employment in Manhattan has been falling for over 40 years, and will do so again in 1990. Relocation activity from New York to the nearby suburbs will persist as tenants seek the greater efficiency of single-story buildings.



New York City-Bronx, New York: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	15,000,000	-
Vacant	1,000,000	-
Vacancy Rates	6.7%	-
Under Construction	300,000	-
Net Absorption	1,000,000	-

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	70.00	-
5,000 to 19,999 sf	70.00	-
20,000 to 39,999 sf	65.00	-
40,000 to 59,999 sf	65.00	-
60,000 to 99,999 sf	60.00	-
More than 100,000 sf	50.00	-
High Tech/R&D	-	-

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	7.00	-
5,000 to 19,999 sf	7.00	-
20,000 to 39,999 sf	6.50	-
40,000 to 59,999 sf	6.50	-
60,000 to 99,999 sf	6.00	-
More than 100,000 sf	5.00	-
High Tech/R&D	-	-

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	n/a	-
2 to 5 Acres	n/a	-
5 to 10 Acres	n/a	-
More than 10 Acres	n/a	-
Unimproved Sites		
Less than 10 Acres	n/a	-
10 to 100 Acres	n/a	-
More than 100 Acres	n/a	-

Demographics

		Rank
Population:	8,617,968	2
Population Growth Rate:	0.45%	
Unemployment Rate:	6.2%	
Median Household Income:	$27,043	74
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Site Prices	n/a
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Same
Dollar Volume - Leases	Same

Prime Source of Financing:
Commercial Banks, Owner Financing

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	60.00
5,000 to 19,999 sf	50.00
20,000 to 39,999 sf	50.00
40,000 to 59,999 sf	50.00
60,000 to 99,999 sf	47.50
More than 100,000 sf	45.00
High Tech/R&D	n/a

Vacancy Indicators	
Less than 5,000 sf	Substantial Shortage
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Moderate Shortage
High Tech/R&D	Moderate Shortage

Composition of Absorption	
Warehouse/Distribution	55%
Manufacturing	40%
High Tech/R&D	5%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same

Note - Compared to a year ago

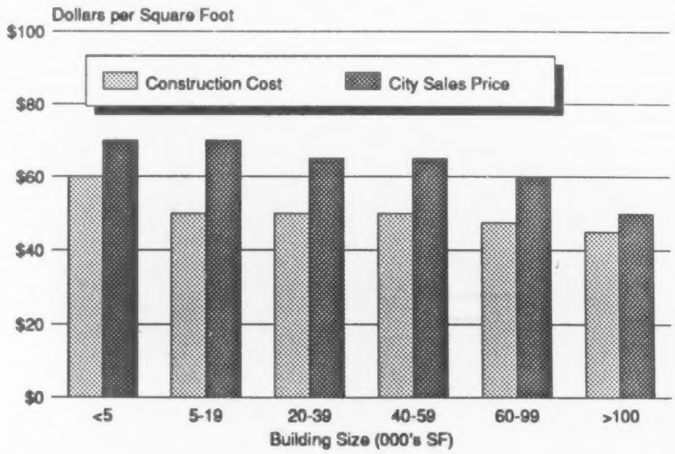
1989 Review

The Bronx industrial base consists primarily of older multi-story manufacturing buildings and warehouse/terminal facilities in a broad arc along the Harlem and East Rivers. Like the other industrial areas of the city, its inventory has been shrinking over time. In 1989, most functional properties in the borough were being utilized. There does exist a class of obsolete property sitting idle, but these buildings are simply awaiting their removal through decay or demolition. Rents fall in a tight $5.00 - $7.00 per sq. ft. range.

1990 Forecast

Little incremental change is forecast for the coming year. Some additional demand could emerge in the near future, if the State Department of Transportation will fund a one-half mile rail link allowing passage of full height freight cars. The Bronx is well located for interstate traffic by truck as well, and its location within the densely populated New York metropolitan area could be better exploited.

Construction Costs vs. Sales Prices
New York City-Bronx



New York City-Brooklyn/Queens, New York: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	330,000,000	-
Vacant	49,000,000	-
Vacancy Rates	14.8%	-
Under Construction	n/a	-
Net Absorption	7,000,000	-

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Ample

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	90.00-120.00	-
5,000 to 19,999 sf	80.00-100.00	-
20,000 to 39,999 sf	60.00-80.00	-
40,000 to 59,999 sf	40.00-65.00	-
60,000 to 99,999 sf	35.00-60.00	-
More than 100,000 sf	35.00-60.00	-
High Tech/R&D	110.00-130.00	-

Construction Costs	
Less than 5,000 sf	60.00
5,000 to 19,999 sf	60.00
20,000 to 39,999 sf	55.00
40,000 to 59,999 sf	55.00
60,000 to 99,999 sf	50.00
More than 100,000 sf	45.00-50.00
High Tech/R&D	150.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	9.00-10.00	-
5,000 to 19,999 sf	6.50-8.50	-
20,000 to 39,999 sf	6.25-7.75	-
40,000 to 59,999 sf	5.50-6.50	-
60,000 to 99,999 sf	5.00-6.50	-
More than 100,000 sf	3.50-6.00	-
High Tech/R&D	9.00-12.00	-

Vacancy Indicators	
Less than 5,000 sf	Moderate Shortage
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Moderate Oversupply
40,000 to 59,999 sf	Moderate Oversupply
60,000 to 99,999 sf	Moderate Oversupply
More than 100,000 sf	Moderate Oversupply
High Tech/R&D	Balanced Market

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	30.00-60.00	-
2 to 5 Acres	20.00-35.00	-
5 to 10 Acres	15.00-30.00	-
More than 10 Acres	20.00-30.00	-
Unimproved Sites		
Less than 10 Acres	n/a	-
10 to 100 Acres	n/a	-
More than 100 Acres	n/a	-

Composition of Absorption	
Warehouse/Distribution	70%
Manufacturing	25%
High Tech/R&D	5%
Rate of Construction	
Warehouse/Distribution	Down
Manufacturing	Down
High Tech/R&D	Down
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Down 10%
Dollar Volume - Leases	
Warehouse/Distribution	Down 10%
Manufacturing	Down 10%
High Tech/R&D	Down 10%

Note - Compared to a year ago

Demographics

		Rank
Population:	8,617,968	2
Population Growth Rate:	0.45%	
Unemployment Rate:	6.2%	
Median Household Income:	$27,043	74
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Down 5-10%
Manufacturing	Down 10-15%
High Tech/R&D	Down 10%
Lease Prices	
Warehouse/Distribution	Down 5-10%
Manufacturing	Down 10-15%
High Tech/R&D	Down 10%
Site Prices	Same
Absorption	
Warehouse/Distribution	Down 10%
Manufacturing	Down 15%
High Tech/R&D	Down 15%
Construction	
Warehouse/Distribution	Down 90%
Manufacturing	Down 90%
High Tech/R&D	Down 90%
Dollar Volume - Sales	Same
Dollar Volume - Leases	Same

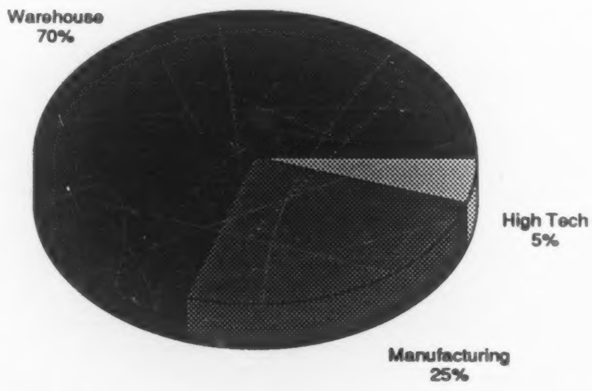
1989 Review

This two-borough submarket of New York City is large and troubled. With a vacancy rate of nearly 15 percent, existing available inventory stands at 49 million sq. ft. - seven times the level of 1989's net absorption. The dollar volume of leasing activity was down 10 percent from a year ago, and the market surely was not helped by the city's recent trying economy. Manufacturing's share of market activity continued to slip, and warehousing accounted for 70 percent of absorption in 1989.

1990 Forecast

Diminishing expectations mark the outlook for 1990. Most market measures are anticipated to slip between five and 15 percent this year. The forecast for good production facilities is the bleakest. With presumed site prices at a million dollars an acre or more, new development is simply evaporating even in the face of sales prices which are among the highest in the nation. Those looking for bright spots in the gloom will note that, somehow, 281 million sq. ft. of Brooklyn/Queens industrial space remains viably occupied at fairly substantial rents.

Composition of Absorption
New York City-Brooklyn/Queens



New York-Nassau/Suffolk Counties, New York: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	-	231,000,000
Vacant	-	31,000,000
Vacancy Rates	-	13.4%
Under Construction	-	-
Net Absorption	-	7,000,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	85.00-100.00
5,000 to 19,999 sf	-	75.00-80.00
20,000 to 39,999 sf	-	55.00-60.00
40,000 to 59,999 sf	-	50.00-60.00
60,000 to 99,999 sf	-	45.00-52.00
More than 100,000 sf	-	45.00-50.00
High Tech/R&D	-	75.00-125.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	7.50-9.00
5,000 to 19,999 sf	-	6.50-7.50
20,000 to 39,999 sf	-	6.00-7.00
40,000 to 59,999 sf	-	5.00-6.50
60,000 to 99,999 sf	-	5.00-6.50
More than 100,000 sf	-	4.75-6.00
High Tech/R&D	-	7.00-12.00

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	-	7.00-15.00
2 to 5 Acres	-	5.00-9.00
5 to 10 Acres	-	5.00-9.00
More than 10 Acres	-	4.00-8.00
Unimproved Sites		
Less than 10 Acres	-	n/a
10 to 100 Acres	-	n/a
More than 100 Acres	-	n/a

Demographics

		Rank
Population:	2,643,585	11
Population Growth Rate:	0.16%	
Unemployment Rate:	n/a	
Median Household Income:	$49,412	2
Cost of Living Index:	157.2	1

Outlook

Sales Prices	
Warehouse/Distribution	Down 10%
Manufacturing	Down 10%
High Tech/R&D	Down 15%
Lease Prices	
Warehouse/Distribution	Down 10%
Manufacturing	Down 10%
High Tech/R&D	Down 15%
Site Prices	Same
Absorption	
Warehouse/Distribution	Down 10%
Manufacturing	Down 20%
High Tech/R&D	Down 20%
Construction	
Warehouse/Distribution	Down 90%
Manufacturing	Down 90%
High Tech/R&D	Down 90%
Dollar Volume - Sales	Same
Dollar Volume - Leases	Same

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Ample

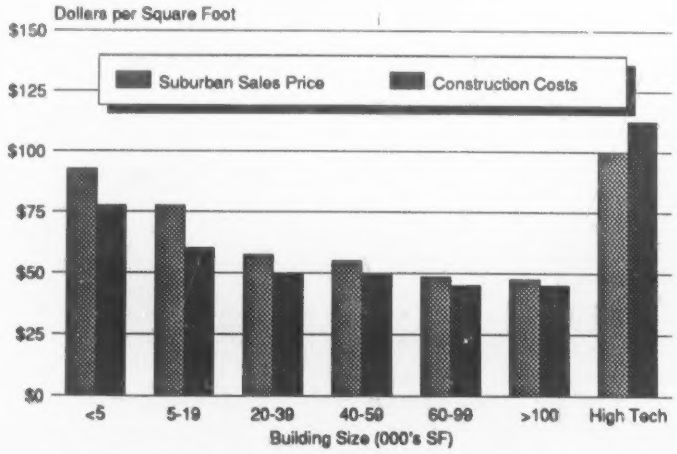
Construction Costs	
Less than 5,000 sf	70.00-85.00
5,000 to 19,999 sf	55.00-65.00
20,000 to 39,999 sf	45.00-55.00
40,000 to 59,999 sf	45.00-55.00
60,000 to 99,999 sf	40.00-50.00
More than 100,000 sf	40.00-50.00
High Tech/R&D	75.00-150.00

Vacancy Indicators	
Less than 5,000 sf	Balanced Market
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Moderate Oversupply
40,000 to 59,999 sf	Moderate Oversupply
60,000 to 99,999 sf	Substantial Oversupply
More than 100,000 sf	Substantial Oversupply
High Tech/R&D	Moderate Oversupply

Composition of Absorption	
Warehouse/Distribution	50%
Manufacturing	25%
High Tech/R&D	25%
Rate of Construction	
Warehouse/Distribution	Down 75%
Manufacturing	Down 75%
High Tech/R&D	Down 75%
Dollar Volume - Sales	
Warehouse/Distribution	Down 10%
Manufacturing	Down 10%
High Tech/R&D	Down 10%
Dollar Volume - Leases	
Warehouse/Distribution	Down 15%
Manufacturing	Down 15%
High Tech/R&D	Down 15%

Note - Compared to a year ago

Sales Prices vs. Construction Costs
New York-Nassau/Suffolk Counties



1989 Review

Vacancies rose by three million sq. ft., driving the level of available industrial space to 13.4 percent of the market's inventory. Slippage in the manufacturing and high-tech sector was most responsible, with defense-related cutbacks at the core of the problem. Rental rates and sales prices per sq. ft. stayed steady, but transaction volumes were down sharply. Land for industrial development is virtually exhausted in Nassau County, so the market was looking eastward into Suffolk as the 80s ended.

1990 Forecast

Developers are not likely to buck the market heroically (or foolishly) during 1990. In fact, the story of '90 is the 90 percent reduction in the anticipated level of new construction. Weakness is expected to finally impact rental rates and sales prices, which SIOR's Long Island reporter figures will drop by 10 to 15 percent over the year. A metropolitan area market recovery, still two to three years away, is the cure for this market's pervasive ills.

New York-Rockland/Westchester Counties, New York: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	-	34,000,000
Vacant	-	1,700,000
Vacancy Rates	-	5.0%
Under Construction	-	300,000
Net Absorption	-	450,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	125.00
5,000 to 19,999 sf	-	105.00
20,000 to 39,999 sf	-	90.00
40,000 to 59,999 sf	-	80.00
60,000 to 99,999 sf	-	75.00
More than 100,000 sf	-	70.00
High Tech/R&D	-	120.00

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	11.00
5,000 to 19,999 sf	-	10.00
20,000 to 39,999 sf	-	9.00
40,000 to 59,999 sf	-	8.00
60,000 to 99,999 sf	-	7.50
More than 100,000 sf	-	7.00
High Tech/R&D	-	12.00

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	-	n/a
2 to 5 Acres	-	n/a
5 to 10 Acres	-	n/a
More than 10 Acres	-	n/a
Unimproved Sites		
Less than 10 Acres	-	5.00-20.00
10 to 100 Acres	-	4.00-12.00
More than 100 Acres	-	n/a

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	70.00
5,000 to 19,999 sf	60.00
20,000 to 39,999 sf	55.00
40,000 to 59,999 sf	50.00
60,000 to 99,999 sf	45.00
More than 100,000 sf	42.00
High Tech/R&D	90.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Shortage
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Moderate Shortage
40,000 to 59,999 sf	Moderate Shortage
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Moderate Shortage
High Tech/R&D	Moderate Oversupply

Composition of Absorption	
Warehouse/Distribution	75%
Manufacturing	20%
High Tech/R&D	5%
Rate of Construction	
Warehouse/Distribution	Down 5%
Manufacturing	Down 5%
High Tech/R&D	Down 5%
Dollar Volume - Sales	
Warehouse/Distribution	Down 5%
Manufacturing	Down 5%
High Tech/R&D	Down 5%
Dollar Volume - Leases	
Warehouse/Distribution	Down 5%
Manufacturing	Down 5%
High Tech/R&D	Down 5%

Note - Compared to a year ago

Demographics

		Rank
Population:	8,617,968	2
Population Growth Rate:	0.45%	
Unemployment Rate:	n/a	
Median Household Income:	$27,043	74
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Site Prices	Same
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Down 5%
Manufacturing	Down 5%
High Tech/R&D	Down 5%
Dollar Volume - Sales	Down 5%
Dollar Volume - Leases	Down 5%

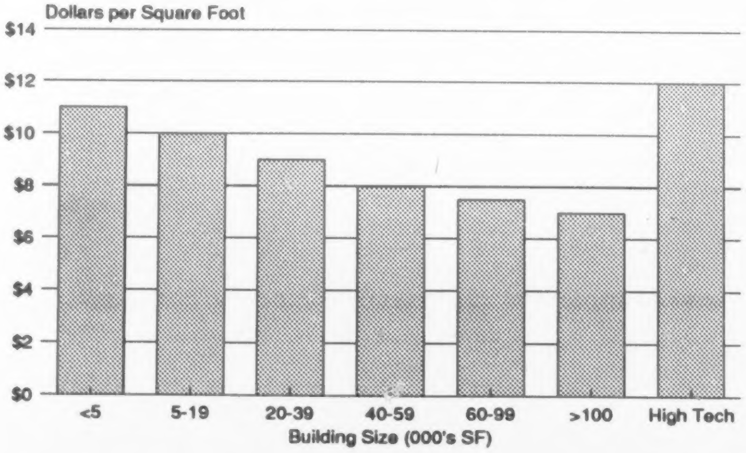
1989 Review

The best performer among the New York metropolitan area markets, Rockland/Westchester ended the 80s with a five percent vacancy rate, and with net absorption running ahead of the pace of new development. There was still considerable demand for industrial purchases, though somewhat less than in 1988. Tenants are slowing their demand for space, too, in the face of the uncertain regional economy. Rents advanced about $0.50 per sq. ft. in 1989 in the face of a moderate shortage of suitable space in all property types, except high-tech.

1990 Forecast

Some speculative construction will continue in Rockland County, which lies west of the Hudson River north of the New Jersey border. Westchester County, though, will see little if any additions to supply. A more sluggish market should be in store in 1990 because of greater caution on the part of users. Stringent governmental involvement in real estate matters makes it more difficult to close deals and to secure occupancy than might be expected. This market, however, is comparatively well able to ride out the current economic downturn.

Suburban Gross Lease Prices
New York-Rockland/Westchester Counties



Norfolk, Virginia: Industrial

Norfolk, Virginia Beach, and Chesapeake

Market Data

Inventory (sf)	Central City	Suburban
Total	32,000,000	-
Vacant	3,000,000	-
Vacancy Rates	9.4%	-
Under Construction	1,000,000	-
Net Absorption	500,000	-

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	25.00-50.00	-
5,000 to 19,999 sf	25.00-50.00	-
20,000 to 39,999 sf	20.00-40.00	-
40,000 to 59,999 sf	20.00-40.00	-
60,000 to 99,999 sf	15.00-40.00	-
More than 100,000 sf	15.00-30.00	-
High Tech/R&D	50.00-60.00	-

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	4.00-7.00	-
5,000 to 19,999 sf	4.00-7.00	-
20,000 to 39,999 sf	3.50-5.50	-
40,000 to 59,999 sf	3.00-5.00	-
60,000 to 99,999 sf	n/a	-
More than 100,000 sf	n/a	-
High Tech/R&D	5.00-11.00	-

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	2.00-4.00	-
2 to 5 Acres	1.25-3.00	-
5 to 10 Acres	1.50-2.25	-
More than 10 Acres	1.50-2.00	-
Unimproved Sites		
Less than 10 Acres	0.75	-
10 to 100 Acres	0.50	-
More than 100 Acres	n/a	-

Prime Source of Financing:
Insurance Companies (long term),
Commercial Banks (short term)
Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	30.00-40.00
5,000 to 19,999 sf	35.00
20,000 to 39,999 sf	30.00
40,000 to 59,999 sf	30.00
60,000 to 99,999 sf	25.00
More than 100,000 sf	21.00-25.00
High Tech/R&D	45.00

Vacancy Indicators	
Less than 5,000 sf	Balanced Market
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Moderate Shortage
40,000 to 59,999 sf	Moderate Shortage
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Balanced Market
High Tech/R&D	Balanced Market

Composition of Absorption	
Warehouse/Distribution	50%
Manufacturing	25%
High Tech/R&D	25%
Rate of Construction	
Warehouse/Distribution	Up 1-5%
Manufacturing	Up 6-10%
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Down 1-5%
Manufacturing	Down 1-5%
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Up 1-5%
Manufacturing	Up 1-5%
High Tech/R&D	Same

Note - Compared to a year ago

Demographics

		Rank
Population:	1,403,426	26
Population Growth Rate:	2.14%	
Unemployment Rate:	4.60%	
Median Household Income:	$31,506	35
Cost of Living Index:	101.1	32

Outlook

Sales Prices	
Warehouse/Distribution	Up 1-5%
Manufacturing	Up 1-5%
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Down 1-5%
Site Prices	Up 10-25%
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Down 1-5%
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Up 1-5%
Dollar Volume - Leases	Up 1-5%

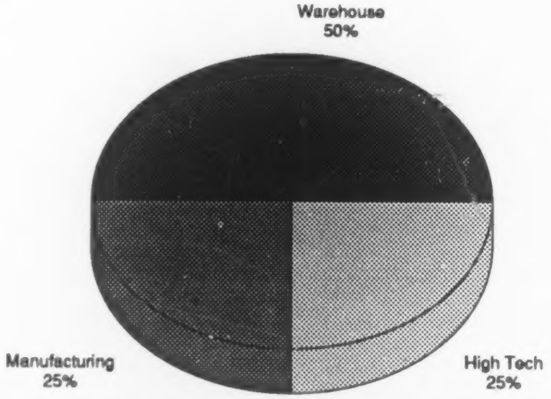
1989 Review

This port-and-military based economy posted mixed results for 1989. The small unit market, which had been space-short, returned to balance while 20,000 - 100,000 sq. ft. continued to see demand exceed supply. Overall, the vacancy rate ticked up from seven percent a year ago to 9.4 percent at present. Excellent diversity in the composition of absorption remains a feature of this market. Leasing transaction volumes were up in 1989, but sales activity declined.

1990 Forecast

This is expected to be a spotty market, especially given the uncertainty in the technology and defense sectors. It will require a "rifle shot" approach to marketing, what SIOR's local respondent sagely terms "a smarter, not harder approach." Sales prices are moving upward. R&D facilities, which look to both the technology and the military sectors for support, have the weakest outlook for 1990. The one major move in the market is for land prices to escalate sharply as developers anticipate demand for business center/office warehouse to increase.

Composition of Absorption
Norfolk



Oakland, California: Industrial

Alameda, Contra Costa, Solano and Napa County

Market Data

Inventory (sf)	Central City	Suburban
Total	n/a	n/a
Vacant	3,960,416	23,133,923
Vacancy Rates	n/a	n/a
Under Construction	29,800	n/a
Net Absorption	n/a	n/a

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	55.00	65.00
5,000 to 19,999 sf	47.00	50.00
20,000 to 39,999 sf	38.00	45.00
40,000 to 59,999 sf	33.00	41.00
60,000 to 99,999 sf	28.00	28.00
More than 100,000 sf	24.00	22.00
High Tech/R&D	40.00	40.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	5.40	5.40
5,000 to 19,999 sf	4.44	4.56
20,000 to 39,999 sf	3.72	3.72
40,000 to 59,999 sf	3.48	3.48
60,000 to 99,999 sf	3.48	3.48
More than 100,000 sf	3.12	3.12
High Tech/R&D	6.60	6.60

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	8.50	6.50
2 to 5 Acres	7.50	6.00
5 to 10 Acres	6.50	5.50
More than 10 Acres	5.50	4.75
Unimproved Sites		
Less than 10 Acres	n/a	n/a
10 to 100 Acres	n/a	n/a
More than 100 Acres	n/a	n/a

Prime Source of Financing:
Insurance Companies

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	34.00
5,000 to 19,999 sf	28.00
20,000 to 39,999 sf	23.00
40,000 to 59,999 sf	23.00
60,000 to 99,999 sf	21.00
More than 100,000 sf	20.00
High Tech/R&D	45.00

Vacancy Indicators	
Less than 5,000 sf	Balanced Market
5,000 to 19,999 sf	Moderate Oversupply
20,000 to 39,999 sf	Moderate Oversupply
40,000 to 59,999 sf	Moderate Oversupply
60,000 to 99,999 sf	Moderate Oversupply
More than 100,000 sf	Moderate Oversupply
High Tech/R&D	Moderate Oversupply

Composition of Absorption	
Warehouse/Distribution	55%
Manufacturing	30%
High Tech/R&D	15%
Rate of Construction	
Warehouse/Distribution	Down 20%
Manufacturing	Down 20%
High Tech/R&D	Down 40%
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Down 20%
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Up 20%

Note - Compared to a year ago

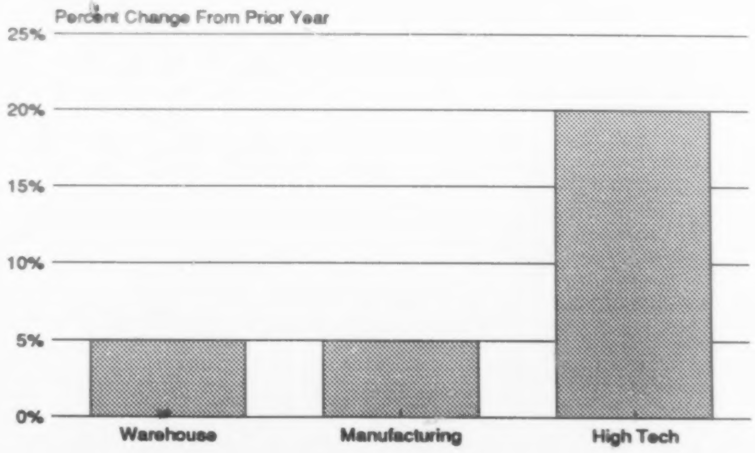
Demographics

		Rank
Population:	n/a	n/a
Population Growth Rate:	n/a	
Unemployment Rate:	4.20%	
Median Household Income:	n/a	n/a
Cost of Living Index:	141.8	2

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Up 5%
High Tech/R&D	Up 5%
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Up 5%
Site Prices	Up 5%
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Up 5%
Construction	
Warehouse/Distribution	Down 5-10%
Manufacturing	Down 5-10%
High Tech/R&D	Up 5%
Dollar Volume - Sales	Up 5%
Dollar Volume - Leases	Same

Dollar Volume - Leases
Oakland



1989 Review

The four-county Oakland industrial market was dynamic if overbuilt in 1989. Leasing activity was vigorous, especially in the R&D sector where the dollar volume rose 20 percent over the previous year. Sales prices have remained firm, but net rents retreated an average $0.12 per sq. ft. for all size categories in excess of 20,000 sq. ft. as the market attempted to digest 27 million sq. ft. of vacancies. The October 1989 earthquake damage to the Nimitz Freeway (I-680) has disrupted an important transportation artery.

1990 Forecast

Research and development construction will be resuming in 1990, in the judgment of SIOR's Oakland reporter. The major distribution area will expand into Solano and Contra Costa counties as land is absorbed in the near East Bay. Conversion of older manufacturing buildings to retail, office and high-tech use will intensify. Over the longer term, increased cargo traffic through the Port of Oakland will expand the requirements for distribution facilities.

Oklahoma City, Oklahoma: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	1,420,000	60,500,000
Vacant	350,000	6,000,000
Vacancy Rates	24.6%	9.9%
Under Construction	0	200,000
Net Absorption	50,000	1,000,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	20.00-35.00
5,000 to 19,999 sf	-	18.00-30.00
20,000 to 39,999 sf	-	16.00-25.00
40,000 to 59,999 sf	-	15.00-20.00
60,000 to 99,999 sf	-	14.00-18.00
More than 100,000 sf	-	13.00-18.00
High Tech/R&D	-	22.00-40.00

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	4.00-6.00
5,000 to 19,999 sf	-	3.00-5.50
20,000 to 39,999 sf	-	2.00-2.75
40,000 to 59,999 sf	-	1.75-2.50
60,000 to 99,999 sf	-	1.75-2.50
More than 100,000 sf	-	1.50-2.35
High Tech/R&D	-	5.00-7.00

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	-	1.00-3.00
2 to 5 Acres	-	0.90-1.75
5 to 10 Acres	-	0.50-1.25
More than 10 Acres	-	0.50-0.75
Unimproved Sites		
Less than 10 Acres	-	0.40-0.70
10 to 100 Acres	-	0.35-0.75
More than 100 Acres	-	0.30-0.50

Prime Source of Financing:
Insurance Companies, Commercial Banks

Mortgage Money Supply:
Moderate

Construction Costs	
Less than 5,000 sf	25.00-30.00
5,000 to 19,999 sf	20.00-25.00
20,000 to 39,999 sf	18.00-20.00
40,000 to 59,999 sf	17.00-20.00
60,000 to 99,999 sf	17.00-19.00
More than 100,000 sf	17.00-19.00
High Tech/R&D	35.00

Vacancy Indicators	
Less than 5,000 sf	Balanced Market
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Moderate Shortage
High Tech/R&D	Moderate Oversupply

Composition of Absorption	
Warehouse/Distribution	50%
Manufacturing	30%
High Tech/R&D	20%
Rate of Construction	
Warehouse/Distribution	Up 5%
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Up 6-10%
Manufacturing	Up 1-5%
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Same

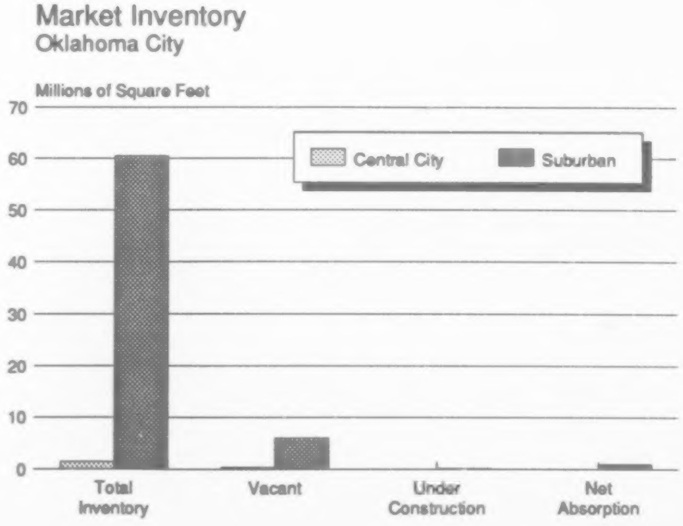
Note - Compared to a year ago

Demographics

		Rank
Population:	975,883	40
Population Growth Rate:	1.40%	
Unemployment Rate:	4.60%	
Median Household Income:	$27,748	64
Cost of Living Index:	94.2	63

Outlook

Sales Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Up 5-10%
Manufacturing	Up 5%
High Tech/R&D	Same
Site Prices	Same
Absorption	
Warehouse/Distribution	Up 5%
Manufacturing	Up 1-5%
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Up 1-5%
Manufacturing	Up 5%
High Tech/R&D	Same
Dollar Volume - Sales	Up 5%
Dollar Volume - Leases	Up 5%


Market Inventory
Oklahoma City

1989 Review

An accelerating absorption rate and a conservative building schedule combined to bring the suburban vacancy rate under 10 percent in 1989. Warehousing accounted for half the absorption activity, but both research and production space also performed well. Rents were stable, and sales transaction dollar volume was up a healthy six to 10 percent. Oklahoma's energetic economic development efforts appear to be paying off, however slowly, and Oklahoma City's central location in the state positions it well to serve as a trade and distribution hub for a wide area.

1990 Forecast

Prospects for most market measures are looking up for 1990, in the view of SIOR's respondent. A few speculative warehouses may come on stream, but generally the demand side will command the market's attention. Expansion and relocation requirements for local companies positioning themselves for long term occupancies at today's reasonable prices or rents is the dominant motivation in the market. The initial signs of an upward cyclical trend in real estate values is expected to reinforce this motivation.

Omaha, Nebraska: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	6,370,000	7,066,000
Vacant	1,511,800	905,150
Vacancy Rates	23.7%	12.8%
Under Construction	58,000	80,500
Net Absorption	575,000	958,000

Prime Source of Financing:
Commercial Banks, State LB-775

Mortgage Money Supply:
Ample

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	25.00-28.00	32.00-35.00
5,000 to 19,999 sf	20.00-25.00	26.00-28.00
20,000 to 39,999 sf	18.00-20.00	20.00-25.00
40,000 to 59,999 sf	16.00-18.00	17.00-22.00
60,000 to 99,999 sf	14.00-16.00	15.00-18.00
More than 100,000 sf	10.00-12.00	12.00-16.00
High Tech/R&D	32.00-36.00	38.00-42.00

Construction Costs	
Less than 5,000 sf	30.00-35.00
5,000 to 19,999 sf	22.00-27.00
20,000 to 39,999 sf	20.00-22.00
40,000 to 59,999 sf	18.00-20.00
60,000 to 99,999 sf	15.00-17.00
More than 100,000 sf	14.00-15.00
High Tech/R&D	35.00-40.00

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	2.75-2.90	3.35-3.60
5,000 tc 19,999 sf	2.50-2.75	3.00-3.20
20,000 to 39,999 sf	2.10-2.35	2.60-2.85
40,000 to 59,999 sf	1.90-2.20	2.25-2.65
60,000 to 99,999 sf	1.90-2.10	2.10-2.30
More than 100,000 sf	n/a	n/a
High Tech/R&D	3.75-4.25	4.50-5.50

Vacancy Indicators	
Less than 5,000 sf	Substantial Shortage
5,000 to 19,999 sf	Substantial Shortage
20,000 to 39,999 sf	Moderate Shortage
40,000 to 59,999 sf	Moderate Shortage
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Balanced Market
High Tech/R&D	Balanced Market

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	1.85-2.00	2.00-2.50
2 to 5 Acres	1.60-1.80	1.70-2.00
5 to 10 Acres	1.20-1.30	1.50-1.60
More than 10 Acres	0.80-1.15	1.00-1.25
Unimproved Sites		
Less than 10 Acres	0.50-0.60	0.60-0.70
10 to 100 Acres	n/a	0.40-0.60
More than 100 Acres	n/a	0.30-0.40

Composition of Absorption	
Warehouse/Distribution	65%
Manufacturing	10%
High Tech/R&D	25%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Down
High Tech/R&D	Down
Dollar Volume - Sales	
Warehouse/Distribution	Up 13%
Manufacturing	Same
High Tech/R&D	Up 5%
Dollar Volume - Leases	
Warehouse/Distribution	Up 10%
Manufacturing	Up 5%
High Tech/R&D	Up 10%

Note - Compared to a year ago

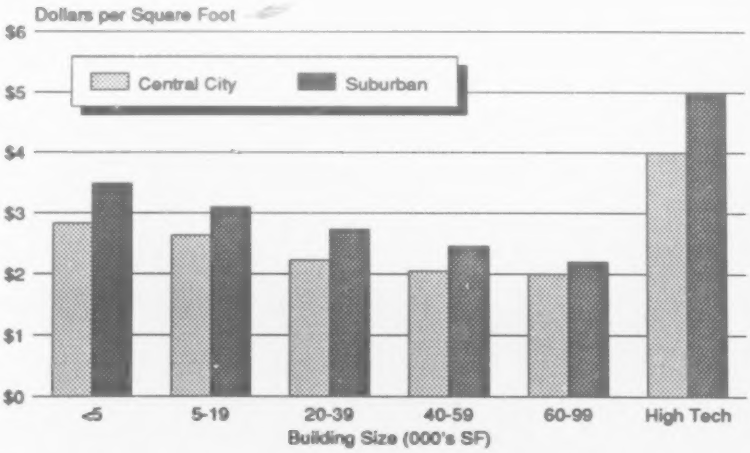
Demographics

		Rank
Population:	629,155	59
Population Growth Rate:	0.81%	
Unemployment Rate:	3.50%	
Median Household Income:	$35,769	10
Cost of Living Index:	92.6	68

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Up 5%
Site Prices	Up 5%
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Up 3-5%
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Same
Dollar Volume - Leases	Same

Lease Prices
Omaha



1989 Review

With 1.5 million sq. ft. of net absorption in a 13.4 million sq. ft. market, Omaha saw a year of unflagging activity in 1989. Demand for small units of 10,000 - 20,000 sq. ft., either for purchase or lease, was extraordinary. State tax incentives available in the LB775 program encouraged local businesses to expand and new firms to enter the market. The City of Omaha's "Riverfront Program" is relocating older warehousing uses and promoting adaptive reuse of property. A seller's market existed for industrial sites of three acres or less.

1990 Forecast

Comparing existing suburban vacancy (905,150 sq. ft.) with last year's suburban net absorption (938,000 sq. ft.) reveals a demonstrable need for new speculative development. Omaha's builders are wary, since 45 percent of 1989's transaction volume was represented by only five deals. 1990 could be much slower if a dependence upon big sales or leases persists. The behavior of large firms like ConAgra, U.S. West and Union Pacific will be important to watch for clues to shifts in local industrial demand.

Orlando, Florida: Industrial

Central Florida

Market Data

Inventory (sf)	Central City	Suburban
Total	42,500,000	4,000,000
Vacant	2,550,000	280,000
Vacancy Rates	6.0%	7.0%
Under Construction	750,000	n/a
Net Absorption	350,000	n/a

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	n/a	n/a
5,000 to 19,999 sf	n/a	n/a
20,000 to 39,999 sf	29.00-30.00	n/a
40,000 to 59,999 sf	25.00-28.00	n/a
60,000 to 99,999 sf	n/a	n/a
More than 100,000 sf	n/a	n/a
High Tech/R&D	n/a	n/a

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	4.75	4.25
5,000 to 19,999 sf	3.30	3.25
20,000 to 39,999 sf	3.30	3.00
40,000 to 59,999 sf	3.30	3.00
60,000 to 99,999 sf	2.75-3.00	2.80
More than 100,000 sf	2.75-3.00	2.65
High Tech/R&D	8.50	8.50

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	2.75-3.25	1.75-2.00
2 to 5 Acres	2.75-3.25	1.75-2.00
5 to 10 Acres	2.25-3.00	1.75-2.00
More than 10 Acres	2.00	1.75
Unimproved Sites		
Less than 10 Acres	n/a	1.00-1.25
10 to 100 Acres	1.50	0.50
More than 100 Acres	n/a	0.50

Prime Source of Financing:
Insurance Companies

Mortgage Money Supply:
Moderate

Construction Costs	
Less than 5,000 sf	30.00
5,000 to 19,999 sf	25.00
20,000 to 39,999 sf	20.00
40,000 to 59,999 sf	18.00
60,000 to 99,999 sf	16.00
More than 100,000 sf	15.00
High Tech/R&D	39.00

Vacancy Indicators	
Less than 5,000 sf	Substantial Oversupply
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Moderate Shortage
40,000 to 59,999 sf	Moderate Shortage
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Substantial Shortage
High Tech/R&D	Moderate Oversupply

Composition of Absorption	
Warehouse/Distribution	80%
Manufacturing	5%
High Tech/R&D	15%
Rate of Construction	
Warehouse/Distribution	Down 6-10%
Manufacturing	Down 20-25%
High Tech/R&D	Down 5-10%
Dollar Volume - Sales	
Warehouse/Distribution	Up 1-5%
Manufacturing	Down 20-25%
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Up 6-10%
Manufacturing	Up 6-10%
High Tech/R&D	Up 1-5%

Note - Compared to a year ago

Demographics

		Rank
Population:	994,479	35
Population Growth Rate:	3.98%	
Unemployment Rate:	5.10%	
Median Household Income:	$31,570	34
Cost of Living Index:	99.3	40

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Down 20-25%
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Up 1-5%
Manufacturing	Up 1-5%
High Tech/R&D	Up 1-5%
Site Prices	n/a
Absorption	
Warehouse/Distribution	Up 6-10%
Manufacturing	Up 6-10%
High Tech/R&D	Up 1-5%
Construction	
Warehouse/Distribution	Down 1-5%
Manufacturing	Down 20-25%
High Tech/R&D	Up 1-5%
Dollar Volume - Sales	Up 1-5%
Dollar Volume - Leases	Up 6-10%

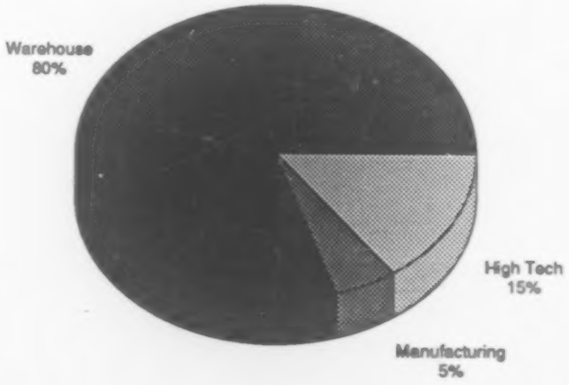
1989 Review

The key distribution point for central Florida, Orlando saw steady warehouse space demand in the 15,000 - 30,000 sq. ft. size category. Several large users have come into the market, including Alfa Romeo, Circuit City and National Distribution, Inc., but 55 to 65 percent of absorption is locally generated. A limited amount of sales activity was registered in 1989, with user/buyers the most frequent investors. High-tech and service center space were still the soft spots in this market.

1990 Forecast

High local impact fees and concerns about a slowing national economy will slow the pace of speculative development in 1990. Orlando is building on its solid tourism base, and the television and movie industries are having an increasing influence with Disney, MGM, and Universal Studios all in a growth mode. Improved sites command top dollar now, with the Florida environmental laws mandating that local impacts be mitigated concurrently with the development process.

Composition of Absorption
Orlando



Philadelphia, Pennsylvania: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	29,000,000	n/a
Vacant	n/a	n/a
Vacancy Rates	n/a	n/a
Under Construction	n/a	n/a
Net Absorption	n/a	n/a

Prime Source of Financing:
Insurance Companies, Commercial Banks

Mortgage Money Supply:
Ample

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	40.00-50.00	50.00-60.00
5,000 to 19,999 sf	60.00	50.00
20,000 to 39,999 sf	50.00-60.00	45.00-50.00
40,000 to 59,999 sf	40.00	40.00-45.00
60,000 to 99,999 sf	40.00	40.00
More than 100,000 sf	35.00-40.00	38.00-40.00
High Tech/R&D	n/a	60.00-100.00

Construction Costs	
Less than 5,000 sf	55.00
5,000 to 19,999 sf	48.00
20,000 to 39,999 sf	38.00
40,000 to 59,999 sf	32.00
60,000 to 99,999 sf	28.00
More than 100,000 sf	24.00
High Tech/R&D	70.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	6.00-6.50	6.00-7.00
5,000 to 19,999 sf	5.50-6.00	5.00-6.00
20,000 to 39,999 sf	3.75-4.25	4.25-4.50
40,000 to 59,999 sf	3.75-4.25	3.75-4.25
60,000 to 99,999 sf	3.75	3.75-4.00
More than 100,000 sf	3.75	3.50-4.00
High Tech/R&D	n/a	9.00-10.00

Vacancy Indicators	
Less than 5,000 sf	Substantial Shortage
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Moderate Oversupply
40,000 to 59,999 sf	Moderate Oversupply
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Substantial Oversupply
High Tech/R&D	Balanced Market

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	0.35-1.35	2.30
2 to 5 Acres	0.35-1.35	1.75
5 to 10 Acres	0.35-1.35	1.75
More than 10 Acres	0.35-1.35	1.75
Unimproved Sites		
Less than 10 Acres	n/a	0.90
10 to 100 Acres	n/a	0.60-0.80
More than 100 Acres	n/a	0.60-0.80

Composition of Absorption	
Warehouse/Distribution	35%
Manufacturing	35%
High Tech/R&D	30%
Rate of Construction	
Warehouse/Distribution	Up 10%
Manufacturing	Up 10%
High Tech/R&D	Up 15%
Dollar Volume - Sales	
Warehouse/Distribution	Up 15%
Manufacturing	Same
High Tech/R&D	Up 15%
Dollar Volume - Leases	
Warehouse/Distribution	Up 10%
Manufacturing	Same
High Tech/R&D	Same

Note - Compared to a year ago

Demographics

		Rank
Population:	4,929,827	5
Population Growth Rate:	0.49%	
Unemployment Rate:	3.80%	
Median Household Income:	$32,161	29
Cost of Living Index:	127.2	5

Outlook

Sales Prices	
Warehouse/Distribution	Down 10%
Manufacturing	Down 5%
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Down 10%
Manufacturing	Down 10%
High Tech/R&D	Down 10%
Site Prices	Same
Absorption	
Warehouse/Distribution	Down 10%
Manufacturing	Down 10%
High Tech/R&D	Down 10%
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Same
Dollar Volume - Leases	Down 10%

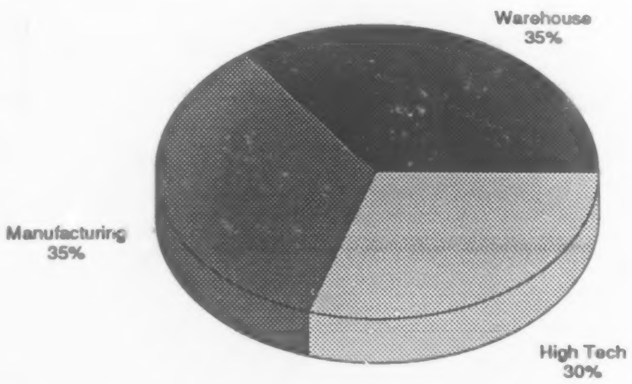
1989 Review

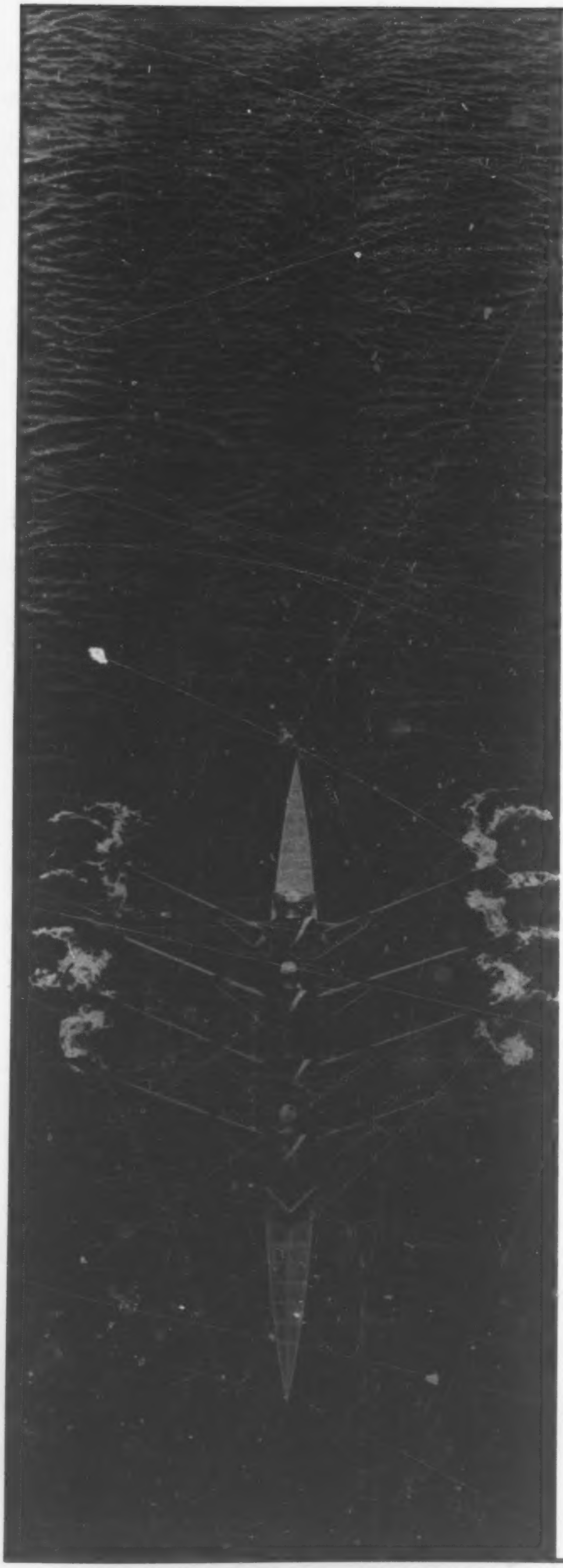
For most of 1989, sales and leasing activity was lively, although some slackening was noticed in the fourth quarter. Build-to-suits predominated both sales and leasing, with the dollar volume of all transactions rising above 1988's performance. The absorption balance between warehousing, manufacturing and high-tech is particularly striking in the Philadelphia market. Several major land purchases were accomplished in 1989, but development plans will take some time to finalize.

1990 Forecast

Environmental consideration, wetlands especially, and labor force weaknesses constrain the Philadelphia industrial scene. Speculative development should be down this year, in line with a general softening of most market measures. There is still a strong investment demand for well-leased industrial portfolios. The economy is basically sound, but there may be some adverse headlines as LBO-generated bankruptcies surface. Watch for Class "B" properties to capture an increasing share of price-conscious tenants.

Composition of Absorption
Philadelphia





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Phoenix, Arizona: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	109,280,000	-
Vacant	23,604,500	-
Vacancy Rates	21.6%	-
Under Construction	330,100	-
Net Absorption	435,700	-

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	50.00-60.00	-
5,000 to 19,999 sf	37.00-45.00	-
20,000 to 39,999 sf	27.00-37.00	-
40,000 to 59,999 sf	22.00-27.00	-
60,000 to 99,999 sf	20.00-25.00	-
More than 100,000 sf	20.00-25.00	-
High Tech/R&D	30.00-40.00	-

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	4.85-7.55	-
5,000 to 19,999 sf	3.60-4.85	-
20,000 to 39,999 sf	2.70-3.60	-
40,000 to 59,999 sf	2.25-2.70	-
60,000 to 99,999 sf	2.00-2.25	-
More than 100,000 sf	2.00-2.25	-
High Tech/R&D	3.50-6.00	-

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	3.00-4.00	2.00-3.00
2 to 5 Acres	2.75-3.50	1.75-2.50
5 to 10 Acres	2.50-3.25	1.25-2.25
More than 10 Acres	2.25-3.00	1.00-1.75
Unimproved Sites		
Less than 10 Acres	n/a	1.25-2.25
10 to 100 Acres	n/a	0.50-1.50
More than 100 Acres	n/a	0.20-0.75

Prime Source of Financing:
Insurance Companies, Owner Financing, Seller REO Property
Mortgage Money Supply:
Tight

Construction Costs	
Less than 5,000 sf	25.00-30.00
5,000 to 19,999 sf	18.00-25.00
20,000 to 39,999 sf	12.00-18.00
40,000 to 59,999 sf	12.00-16.00
60,000 to 99,999 sf	11.00-15.00
More than 100,000 sf	10.00-13.00
High Tech/R&D	50.00-125.00

Vacancy Indicators	
Less than 5,000 sf	Substantial Shortage
5,000 to 19,999 sf	Moderate Oversupply
20,000 to 39,999 sf	Moderate Oversupply
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Moderate Shortage
High Tech/R&D	Substantial Oversupply

Composition of Absorption	
Warehouse/Distribution	60%
Manufacturing	35%
High Tech/R&D	5%
Rate of Construction	
Warehouse/Distribution	Down 60%
Manufacturing	Down 90%
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Down 30%
Manufacturing	Down 30%
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Down 20%
Manufacturing	Down 20%
High Tech/R&D	Same

Note - Compared to a year ago

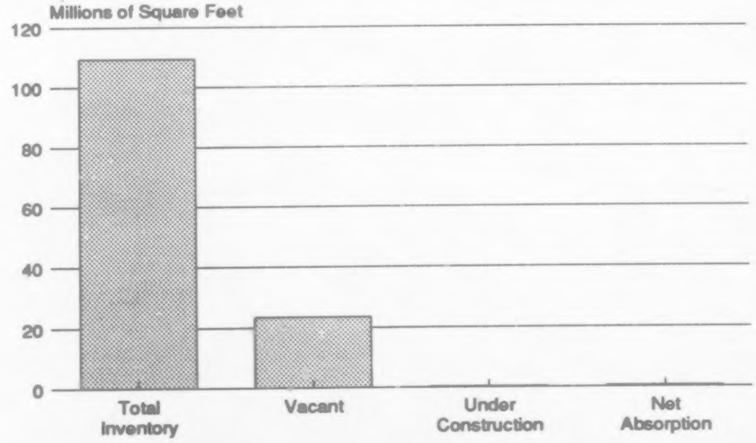
Demographics

		Rank
Population:	2,085,638	17
Population Growth Rate:	3.66%	
Unemployment Rate:	4.80%	
Median Household Income:	$32,588	24
Cost of Living Index:	102.8	22

Outlook

Sales Prices	
Warehouse/Distribution	Down 10%
Manufacturing	Down 10%
High Tech/R&D	Down 30%
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Site Prices	Down 20%
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Down 10%
Manufacturing	Down 20%
High Tech/R&D	Same
Dollar Volume - Sales	Up 1-5%
Dollar Volume - Leases	Up 1-5%

Market Inventory
Phoenix



1989 Review

Leasing activity has been moderately active, but vacancy remains high at 21.6 percent. Availabilities are concentrated in the 5,000 - 40,000 sq. ft. size grouping, and in the very soft high-tech sector. Sales volume is especially weak, with prospective buyers taking a "wait and see" attitude. The pattern of declines in rents has halted, however, and lease prices have held steady over the year. Unsurprisingly, construction activity was down drastically from earlier levels.

1990 Forecast

Most observers of the Phoenix industrial market predict 12 to 18 additional months of sluggishness. The existing space glut is being worked off only gradually; there is a threat of RTC dumping to contend with; debt capital is tight. Under these circumstances, speculative construction will be virtually nonexistent. Some high-cube distribution facilities are planned, but only by deep-pocket developers. This market will no doubt come back, but the recovery will not pick up steam in 1990.

Pittsburgh, Pennsylvania: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	55,000,000	199,950,000
Vacant	2,805,000	27,993,000
Vacancy Rates	5.1%	14.0%
Under Construction	100,000	400,000
Net Absorption	400,000	1,200,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	28.00	32.00
5,000 to 19,999 sf	23.00	27.00
20,000 to 39,999 sf	20.00	24.00
40,000 to 59,999 sf	18.00	22.00
60,000 to 99,999 sf	17.00	21.00
More than 100,000 sf	15.00	19.00
High Tech/R&D	35.00	39.00

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	5.00	6.00
5,000 to 19,999 sf	4.00	4.75
20,000 to 39,999 sf	3.50	4.25
40,000 to 59,999 sf	3.25	3.75
60,000 to 99,999 sf	2.85	3.25
More than 100,000 sf	2.50	2.85
High Tech/R&D	8.00	10.00

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	5.00	2.25
2 to 5 Acres	3.50	2.00
5 to 10 Acres	2.50	1.50
More than 10 Acres	2.00	1.00
Unimproved Sites		
Less than 10 Acres	n/a	1.00
10 to 100 Acres	n/a	0.60
More than 100 Acres	n/a	0.35

Demographics

		Rank
Population:	2,086,785	16
Population Growth Rate:	-0.68%	
Unemployment Rate:	3.90%	
Median Household Income:	$27,737	65
Cost of Living Index:	102.5	23

Outlook

Sales Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Same
High Tech/R&D	Up 5%
Lease Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Same
High Tech/R&D	Up 5%
Site Prices	Up 10%
Absorption	
Warehouse/Distribution	Up 3%
Manufacturing	Up 1%
High Tech/R&D	Up 4%
Construction	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Up 5%
Dollar Volume - Sales	Up 2%
Dollar Volume - Leases	Up 3%

Prime Source of Financing:
Insurance Companies, Commercial Banks

Mortgage Money Supply:
Ample

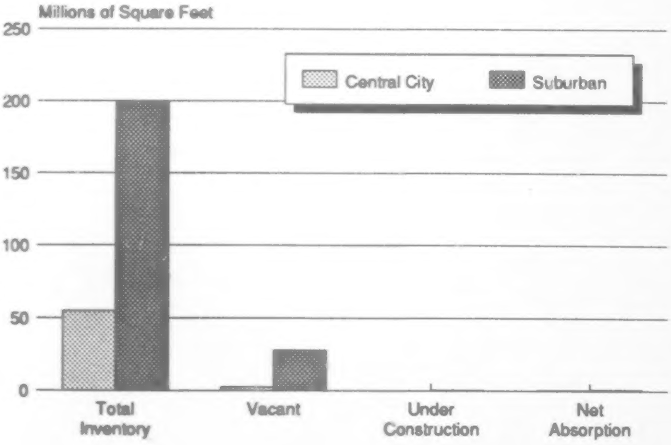
Construction Costs	
Less than 5,000 sf	50.00
5,000 to 19,999 sf	45.00
20,000 to 39,999 sf	40.00
40,000 to 59,999 sf	30.00
60,000 to 99,999 sf	28.00
More than 100,000 sf	25.00
High Tech/R&D	80.00

Vacancy Indicators	
Less than 5,000 sf	Substantial Shortage
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Moderate Shortage
40,000 to 59,999 sf	Moderate Shortage
60,000 to 99,999 sf	Substantial Shortage
More than 100,000 sf	Substantial Shortage
High Tech/R&D	Substantial Shortage

Composition of Absorption	
Warehouse/Distribution	60%
Manufacturing	25%
High Tech/R&D	15%
Rate of Construction	
Warehouse/Distribution	Up 5%
Manufacturing	Down 5%
High Tech/R&D	Up 10%
Dollar Volume - Sales	
Warehouse/Distribution	Up 2%
Manufacturing	Up 1%
High Tech/R&D	Up 3%
Dollar Volume - Leases	
Warehouse/Distribution	Up 4%
Manufacturing	Same
High Tech/R&D	Up 4%

Note - Compared to a year ago

Market Inventory
Pittsburgh



1989 Review

Space shortages were cropping up in the Pittsburgh market, as the overall vacancy rate dropped to 12 percent. A significant portion of the remaining space inventory is old steel mills, due to be razed for new industrial parks. Industrial sales and leasing activity were on the increase. Internal expansion of tenants has been an important component of demand. Several public projects, including improvements at the airport, have sparked local and regional economic activity.

1990 Forecast

Development activity should be rising in 1990, as many developers are considering or implementing speculation industrial construction. The outlook for virtually all market indicators is positive. The high cost of new construction should serve as something of a warning signal, though, and pre-leasing will be critical. This market is seeking to exploit such advantages for distribution as its location within 500 miles of half the U.S. population and the presence of major research centers like Carnegie-Mellon University and the University of Pittsburgh.

Portland, Maine: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	600,000	4,450,000
Vacant	62,000	130,000
Vacancy Rates	10.3%	2.9%
Under Construction	0	45,000
Net Absorption	45,000	240,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	60.00	55.00
5,000 to 19,999 sf	45.00	35.00
20,000 to 39,999 sf	40.00	35.00
40,000 to 59,999 sf	35.00	35.00
60,000 to 99,999 sf	30.00	30.00
More than 100,000 sf	30.00	30.00
High Tech/R&D	60.00	60.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	5.50	5.50
5,000 to 19,999 sf	4.50	5.00
20,000 to 39,999 sf	4.25	4.50
40,000 to 59,999 sf	4.00	4.25
60,000 to 99,999 sf	4.00	4.00
More than 100,000 sf	4.00	4.00
High Tech/R&D	8.50	8.50

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	2.25	2.00
2 to 5 Acres	2.00	2.00
5 to 10 Acres	2.00	1.75
More than 10 Acres	2.00	1.50
Unimproved Sites		
Less than 10 Acres	0.75	0.60
10 to 100 Acres	0.60	0.40
More than 100 Acres	0.50	0.35

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Not Available

Construction Costs	
Less than 5,000 sf	60.00
5,000 to 19,999 sf	45.00
20,000 to 39,999 sf	40.00
40,000 to 59,999 sf	35.00
60,000 to 99,999 sf	30.00
More than 100,000 sf	28.00
High Tech/R&D	60.00

Vacancy Indicators	
Less than 5,000 sf	Balanced Market
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Balanced Market
High Tech/R&D	Balanced Market

Composition of Absorption	
Warehouse/Distribution	85%
Manufacturing	10%
High Tech/R&D	5%
Rate of Construction	
Warehouse/Distribution	Down 50%
Manufacturing	Down 50%
High Tech/R&D	Down 50%
Dollar Volume - Sales	
Warehouse/Distribution	Down 50%
Manufacturing	Down 75%
High Tech/R&D	Down 50%
Dollar Volume - Leases	
Warehouse/Distribution	Up
Manufacturing	Up
High Tech/R&D	Same

Note - Compared to a year ago

1989 Review

Portland is expected to outperform the state and regional economies, but will not be immune to the contraction of the New England housing market and the slowdown in the high technology field. Both of these area-wide trends have already affected local industrial real estate. This market, which principally functions as a regional distribution center, ended the year in good balance with vacancy at 3.8 percent. This was less space than the 285,000 sq. ft. absorbed in 1989. However, many of the key market measures were down for the year, and traditional Down East conservatism is beginning to take hold among decision-makers in the market.

1990 Forecast

Local financial institutions are requiring lease commitments of not less than 60 percent before funding construction starts. This is strangling speculative development. Expansion demands are expected to be modest, mostly for units of 3,000 - 10,000 sq. ft. Most market indicators for 1990 are pointing downward. The key variable for the local real estate industry? Mortgage money: not available.

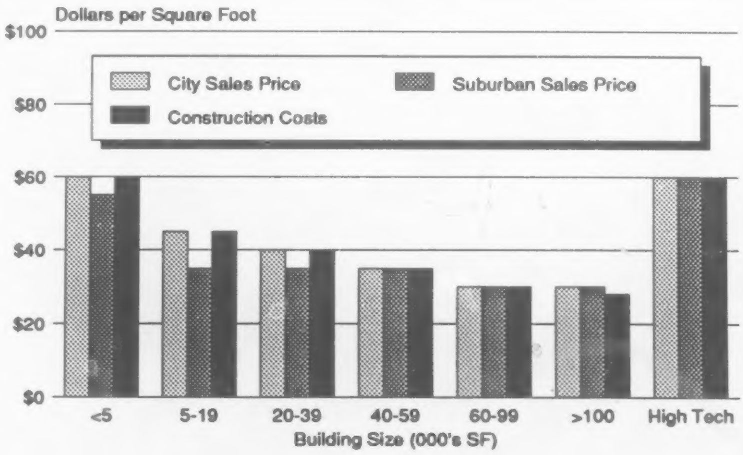
Demographics

		Rank
Population:	216,513	94
Population Growth Rate:	1.24%	
Unemployment Rate:	4.10%	
Median Household Income:	$30,309	41
Cost of Living Index:	103.0	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Down 10%
Manufacturing	Down 10%
High Tech/R&D	Down 10%
Lease Prices	
Warehouse/Distribution	Down 5%
Manufacturing	Down 5%
High Tech/R&D	Down 5%
Site Prices	Down 10%
Absorption	
Warehouse/Distribution	Same
Manufacturing	Down 10%
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Same
Dollar Volume - Leases	Same

Sales Prices vs. Construction Costs
Portland, Maine



Portland, Oregon: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	31,500,000	94,500,000
Vacant	3,636,000	10,909,000
Vacancy Rates	11.5%	11.5%
Under Construction	422,000	1,266,000
Net Absorption	189,000	566,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	35.00	30.00
5,000 to 19,999 sf	32.00	27.00
20,000 to 39,999 sf	29.00	25.00
40,000 to 59,999 sf	28.00	25.00
60,000 to 99,999 sf	26.00	24.00
More than 100,000 sf	25.00	23.00
High Tech/R&D	n/a	63.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	4.78	4.10
5,000 to 19,999 sf	3.56	3.00
20,000 to 39,999 sf	3.06	2.64
40,000 to 59,999 sf	2.82	2.52
60,000 to 99,999 sf	2.73	2.52
More than 100,000 sf	2.61	2.40
High Tech/R&D	n/a	7.44

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	6.00	3.25
2 to 5 Acres	5.50	3.00
5 to 10 Acres	5.00	2.75
More than 10 Acres	4.50	2.50
Unimproved Sites		
Less than 10 Acres	n/a	2.00
10 to 100 Acres	n/a	1.00
More than 100 Acres	n/a	0.50

Demographics

		Rank
Population:	1,199,473	32
Population Growth Rate:	0.91%	
Unemployment Rate:	2.10%	
Median Household Income:	$25,920	79
Cost of Living Index:	n/a	21

Outlook

Sales Prices	
Warehouse/Distribution	Up 3%
Manufacturing	Up 3%
High Tech/R&D	Down 2%
Lease Prices	
Warehouse/Distribution	Up 3%
Manufacturing	Up 3%
High Tech/R&D	Same
Site Prices	Up 5%
Absorption	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Down 10%
Construction	
Warehouse/Distribution	Up 10%
Manufacturing	Up 10%
High Tech/R&D	Same
Dollar Volume - Sales	Up 5%
Dollar Volume - Leases	Up 10%

Prime Source of Financing:
Insurance Companies

Mortgage Money Supply:
Moderate

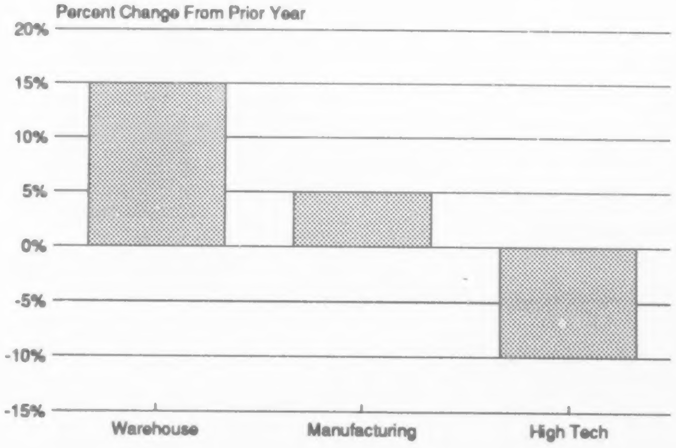
Construction Costs	
Less than 5,000 sf	30.00
5,000 to 19,999 sf	28.00
20,000 to 39,999 sf	26.00
40,000 to 59,999 sf	24.00
60,000 to 99,999 sf	22.00
More than 100,000 sf	20.00
High Tech/R&D	65.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Shortage
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Moderate Oversupply
More than 100,000 sf	Moderate Shortage
High Tech/R&D	Substantial Oversupply

Composition of Absorption	
Warehouse/Distribution	67%
Manufacturing	7%
High Tech/R&D	26%
Rate of Construction	
Warehouse/Distribution	Down 10%
Manufacturing	Down 10%
High Tech/R&D	Down 15%
Dollar Volume - Sales	
Warehouse/Distribution	Up 15%
Manufacturing	Up 5%
High Tech/R&D	Down 10%
Dollar Volume - Leases	
Warehouse/Distribution	Down 10%
Manufacturing	Down 10%
High Tech/R&D	Down 15%

Note - Compared to a year ago

Dollar Volume - Sales
Portland, Oregon



1989 Review

Worldwide distribution is the function accounting for the burgeoning economy of Portland. Pacific Rim import/export activity is exemplified by new facilities opened by Fujitsu, NEC, and Toshiba during the past year. Many tenants have outgrown their spaces, and typically require an additional 25 percent in new quarters when they move. Warehousing was the dominant industrial use, but R&D facilities represented a strong 26 percent of total absorption. Construction ran ahead of net absorption in 1989, setting the stage for a more cautious market at year's end.

1990 Forecast

Developers are seeking to exploit niches and avoid potential overbuilding by phasing projects to match current demand. Portland is expected to outpace the national economy again in 1990, and the outlook for most industrial property market measures is upward. The exception is the high-tech market, which is exposed to the malaise confronting this sector nationwide. SIOR's respondent believes this will be a good year for transactions, with leasing gains surpassing growth in property sales.

Quad Cities, Iowa/Illinois: Industrial

Davenport, Bettendorf, Rock Island, Moline, and East Moline

Market Data

Inventory (sf)	Central City	Suburban
Total	12,000,000	10,000,000
Vacant	3,000,000	3,500,000
Vacancy Rates	25.0%	35.0%
Under Construction	1,500,000	2,000,000
Net Absorption	25	35

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	20.00	18.00
5,000 to 19,999 sf	18.00	16.00
20,000 to 39,999 sf	15.00	15.00
40,000 to 59,999 sf	14.00	14.00
60,000 to 99,999 sf	-	-
More than 100,000 sf	-	-
High Tech/R&D	-	-

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	3.50	3.50
5,000 to 19,999 sf	2.50	2.50
20,000 to 39,999 sf	2.00	2.00
40,000 to 59,999 sf	1.50	1.50
60,000 to 99,999 sf	-	-
More than 100,000 sf	-	-
High Tech/R&D	-	-

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	1.00	0.75
2 to 5 Acres	0.50	0.50
5 to 10 Acres	-	0.35
More than 10 Acres	-	0.25
Unimproved Sites		
Less than 10 Acres	-	0.25
10 to 100 Acres	-	0.20
More than 100 Acres	-	0.15

Demographics

		Rank
Population:	361,438	88
Population Growth Rate:	-0.67%	
Unemployment Rate:	6.30%	
Median Household Income:	$29,367	54
Cost of Living Index:	93.1	67

Outlook

Sales Prices	
Warehouse/Distribution	Up 10%
Manufacturing	Up 10%
High Tech/R&D	Up 5%
Lease Prices	
Warehouse/Distribution	Up 15%
Manufacturing	Up 15%
High Tech/R&D	Up 5%
Site Prices	Up 15%
Absorption	
Warehouse/Distribution	Up 20%
Manufacturing	Up 20%
High Tech/R&D	Up 5%
Construction	
Warehouse/Distribution	Up
Manufacturing	Up
High Tech/R&D	Up
Dollar Volume - Sales	Up 15%
Dollar Volume - Leases	Up 15%

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Ample

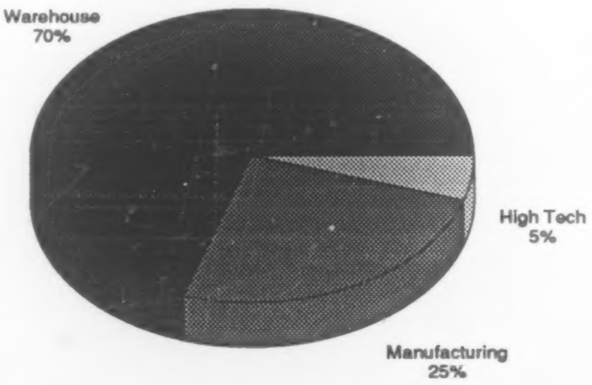
Construction Costs	
Less than 5,000 sf	30.00
5,000 to 19,999 sf	26.00
20,000 to 39,999 sf	24.00
40,000 to 59,999 sf	22.00
60,000 to 99,999 sf	-
More than 100,000 sf	-
High Tech/R&D	-

Vacancy Indicators	
Less than 5,000 sf	Substantial Shortage
5,000 to 19,999 sf	Substantial Shortage
20,000 to 39,999 sf	Moderate Shortage
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Moderate Oversupply
More than 100,000 sf	Substantial Oversupply
High Tech/R&D	Moderate Shortage

Composition of Absorption	
Warehouse/Distribution	70%
Manufacturing	25%
High Tech/R&D	5%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Up 10%
Manufacturing	Up 10%
High Tech/R&D	Up 5%
Dollar Volume - Leases	
Warehouse/Distribution	Up 10%
Manufacturing	Up 10%
High Tech/R&D	Up 5%

Note - Compared to a year ago

Composition of Absorption
Quad Cities



1989 Review

The Davenport - Moline industrial market combines the influences of farm machinery manufacturing, transshipment, and bulk storage. Demand has been strongest among small space users, with oversupply concentrated in the largest category of industrial properties. Warehousing captured three-quarters of the leasing activity in 1989. Regional economic weakness and poor demand for farm equipment has held growth down for the Quad Cities market

1990 Forecast

SIOR's reporters are convinced that this market will improve during 1990. Relocation into the market is becoming more common, and local firms are expanding once again. Rents are very inexpensive, and are expected to rise. Further absorption of the market's serious oversupply will be needed before development activity begins again.

Raleigh, North Carolina: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	2,142,000	14,893,000
Vacant	657,000	2,466,000
Vacancy Rates	30.7%	16.6%
Under Construction	58,000	1,397,000
Net Absorption	391,000	581,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	40.00	40.00
5,000 to 19,999 sf	35.00	35.00
20,000 to 39,999 sf	30.00	30.00
40,000 to 59,999 sf	25.00	25.00
60,000 to 99,999 sf	n/a	20.00
More than 100,000 sf	n/a	15.00
High Tech/R&D	n/a	45.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	3.50	5.00
5,000 to 19,999 sf	3.00	4.50
20,000 to 39,999 sf	2.75	3.50
40,000 to 59,999 sf	n/a	3.00
60,000 to 99,999 sf	n/a	2.75
More than 100,000 sf	n/a	2.50
High Tech/R&D	n/a	8.00

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	4.00	1.50-3.00
2 to 5 Acres	3.00	1.00-2.00
5 to 10 Acres	2.50	1.00-1.50
More than 10 Acres	2.00	1.00-1.50
Unimproved Sites		
Less than 10 Acres	n/a	0.75-1.00
10 to 100 Acres	n/a	0.75-1.50
More than 100 Acres	n/a	0.60-1.00

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Moderate

Construction Costs	
Less than 5,000 sf	35.00
5,000 to 19,999 sf	32.00
20,000 to 39,999 sf	28.00
40,000 to 59,999 sf	25.00
60,000 to 99,999 sf	22.00
More than 100,000 sf	19.00
High Tech/R&D	45.00

Vacancy Indicators	
Less than 5,000 sf	Balanced Market
5,000 to 19,999 sf	Moderate Oversupply
20,000 to 39,999 sf	Moderate Oversupply
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Balanced Market
High Tech/R&D	Moderate Oversupply

Composition of Absorption	
Warehouse/Distribution	50%
Manufacturing	20%
High Tech/R&D	30%
Rate of Construction	
Warehouse/Distribution	Up 2%
Manufacturing	Same
High Tech/R&D	Down 3%
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Up 10%
Manufacturing	Same
High Tech/R&D	Up 5%

Note - Compared to a year ago

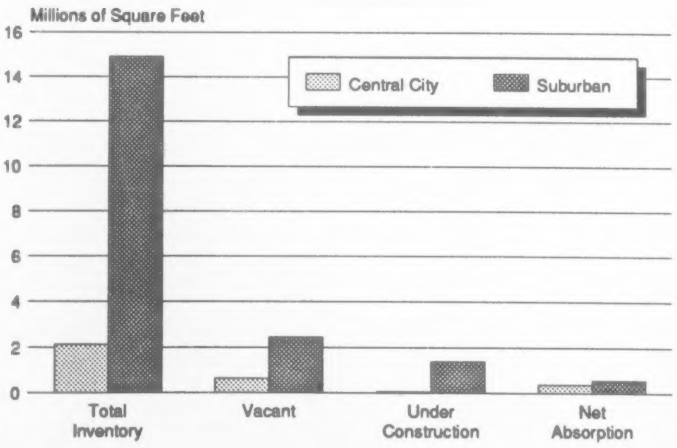
Demographics

		Rank
Population:	693,557	54
Population Growth Rate:	2.38%	
Unemployment Rate:	2.70%	
Median Household Income:	$33,261	21
Cost of Living Index:	101.4	31

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Down 5%
Site Prices	Down 5%
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Up 5%
Manufacturing	Up 2%
High Tech/R&D	Up 3%
Dollar Volume - Sales	Down
Dollar Volume - Leases	Same

Market Inventory
Raleigh

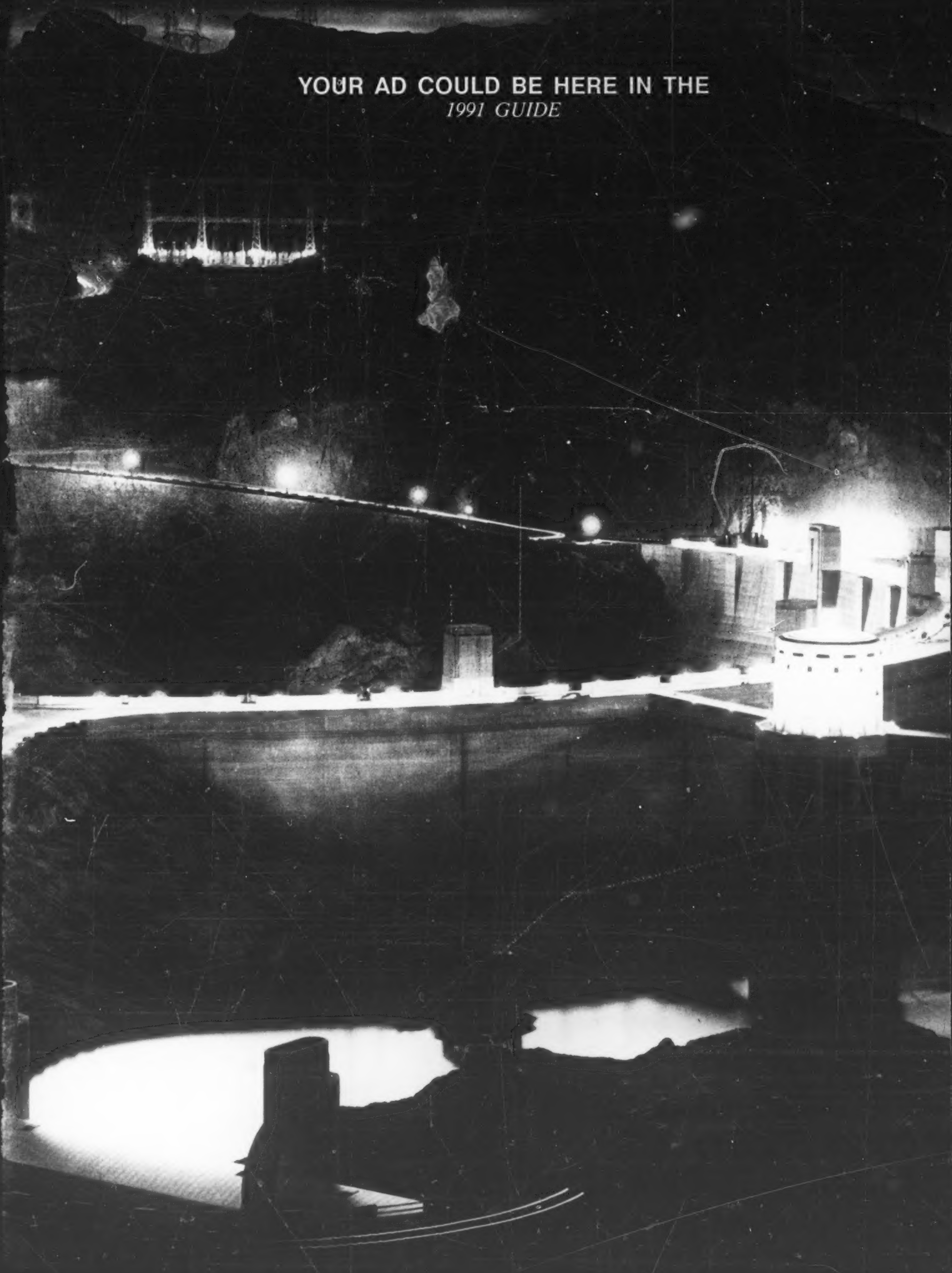


1989 Review

Healthy economic growth in the context of a still overbuilt industrial market painted an enigmatic picture for the Raleigh area in 1989. The substitution of major manufacturing firms, such as Dupont, G.E., Borroughs Wellcome and others in the Research Triangle, for the old line tobacco industry continued the positive transformation of the region. Vacancies remained high, though, at 18.3 percent of total inventory. The year concluded strongly, with the Raleigh area sustaining growth in the face of a stalled national economy.

1990 Forecast

A decrease in speculative construction is definitely in store. There is still at least a two-year supply of vacancies, and development activity will be shifting decisively into the build-to-suit sector. While a relatively flat year is forecast for 1990, SIOR's reporter is confident that over the longer term the local pro-business atmosphere, an improving infrastructure, and a swelling population base will restore vigor to this industrial market.



YOUR AD COULD BE HERE IN THE
1991 GUIDE

Reno, Nevada: Industrial

Reno Metropolitan Area including Sparks and North to Reno-Stead

Market Data

Inventory (sf)	Central City	Suburban
Total	24,400,000	3,650,000
Vacant	1,370,000	170,000
Vacancy Rates	5.6%	4.7%
Under Construction	703,000	184,000
Net Absorption	1,800,000	50,000

Prime Source of Financing:
Insurance Companies

Mortgage Money Supply:
Moderate

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	35.00-55.00	24.00-44.00
5,000 to 19,999 sf	25.00-40.00	19.00-35.00
20,000 to 39,999 sf	20.00-35.00	17.00-30.00
40,000 to 59,999 sf	20.00-26.00	17.00-25.00
60,000 to 99,999 sf	19.00-24.00	17.00-22.00
More than 100,000 sf	18.00-22.00	17.00-20.00
High Tech/R&D	30.00-60.00	-

Construction Costs	
Less than 5,000 sf	33.00-40.00
5,000 to 19,999 sf	25.00-35.00
20,000 to 39,999 sf	22.00-25.00
40,000 to 59,999 sf	18.00-22.00
60,000 to 99,999 sf	16.00-18.00
More than 100,000 sf	15.00-17.00
High Tech/R&D	25.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	4.20-9.00	3.60-4.80
5,000 to 19,999 sf	3.00-4.20	2.55-3.60
20,000 to 39,999 sf	2.64-3.24	2.24-2.76
40,000 to 59,999 sf	2.28-3.00	1.92-2.76
60,000 to 99,999 sf	2.16-2.88	1.80-2.64
More than 100,000 sf	2.16-2.64	1.80-2.64
High Tech/R&D	5.40-11.40	-

Vacancy Indicators	
Less than 5,000 sf	Balanced Market
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Moderate Oversupply
High Tech/R&D	Balanced Market

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	2.00-4.00	1.50-2.50
2 to 5 Acres	1.85-2.75	1.25-1.75
5 to 10 Acres	1.75-2.35	1.00-1.60
More than 10 Acres	1.50-2.10	0.75-1.25
Unimproved Sites		
Less than 10 Acres	1.50-2.75	0.50-1.25
10 to 100 Acres	1.00-1.50	0.25-0.75
More than 100 Acres	0.50-1.00	0.25-0.50

Composition of Absorption	
Warehouse/Distribution	85%
Manufacturing	13%
High Tech/R&D	2%
Rate of Construction	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Same

Note - Compared to a year ago

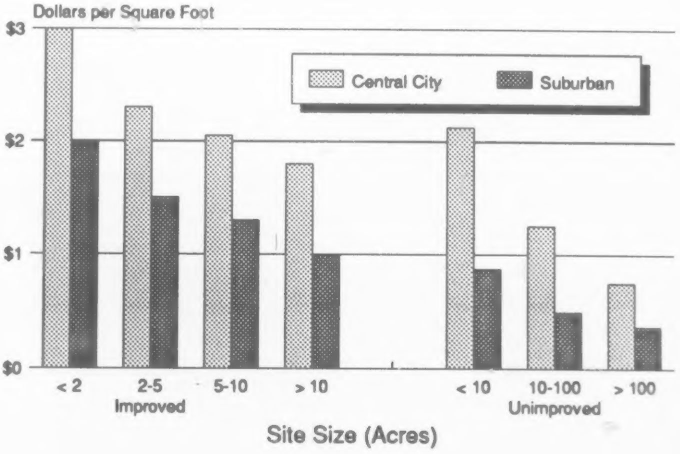
Demographics

		Rank
Population:	246,763	91
Population Growth Rate:	2.73%	
Unemployment Rate:	4.60%	
Median Household Income:	$27,602	67
Cost of Living Index:	100.9	34

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Same
Site Prices	Same
Absorption	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Up 5%
High Tech/R&D	Same
Dollar Volume - Sales	Same
Dollar Volume - Leases	Up 5%

Site Prices
Reno



1989 Review

Population growth, relocation activity and local job expansion helped the Reno-Sparks area post solid results to close the 80s. Reno's location on Interstate 80, good rail and air cargo service and the absence of an inventory tax have made it a favored distribution hub for the Western states. Hence, warehousing accounted for 85 percent of all industrial absorption. The market was in good balance, and its low vacancy rate left the Reno area poised for growth at the end of 1989.

1990 Forecast

A rise in rents and increased absorption in the warehousing and light manufacturing sectors are predicted in 1990 by SIOR's local observer. United Parcel Service has selected Reno-Sparks as a Western center of operations, and their plans require an increase in warehousing space. Light manufacturing interest is also on the rise, with a 21 percent increase in the number of production facilities over the past five years evidence of further potential. There is also a 215 acre R&D park in the planning stages, but not due for development in the coming year.

Richmond, Virginia: Industrial

City of Richmond, Chesterfield, Henrico and Hanover Counties

Market Data

Inventory (sf)	Central City	Suburban
Total	6,000,000	12,000,000
Vacant	700,000	3,000,000
Vacancy Rates	11.7%	25.0%
Under Construction	0	1,000,000
Net Absorption	0	-1,200,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	30.00	30.00-40.00
5,000 to 19,999 sf	27.00	25.00
20,000 to 39,999 sf	25.00	22.00
40,000 to 59,999 sf	19.00	22.00
60,000 to 99,999 sf	18.00	20.00
More than 100,000 sf	18.00	20.00
High Tech/R&D	n/a	55.00

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	4.75	5.50
5,000 to 19,999 sf	3.00	3.50
20,000 to 39,999 sf	2.50	3.25
40,000 to 59,999 sf	2.25	3.00
60,000 to 99,999 sf	2.25	2.75-3.00
More than 100,000 sf	2.25	2.75-3.00
High Tech/R&D	6.00	6.00

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	3.00	1.75-2.25
2 to 5 Acres	2.50	1.50-2.00
5 to 10 Acres	1.75	1.00-2.00
More than 10 Acres	1.25	1.00-2.00
Unimproved Sites		
Less than 10 Acres	1.25	0.75
10 to 100 Acres	0.75	0.50-1.00
More than 100 Acres	n/a	0.50-0.75

Prime Source of Financing:
Insurance Companies, Commercial Banks

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	30.00
5,000 to 19,999 sf	26.50
20,000 to 39,999 sf	22.00
40,000 to 59,999 sf	22.00
60,000 to 99,999 sf	20.00
More than 100,000 sf	18.00
High Tech/R&D	45.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Oversupply
5,000 to 19,999 sf	Moderate Oversupply
20,000 to 39,999 sf	Moderate Oversupply
40,000 to 59,999 sf	Moderate Oversupply
60,000 to 99,999 sf	Moderate Oversupply
More than 100,000 sf	Moderate Oversupply
High Tech/R&D	Moderate Oversupply

Composition of Absorption	
Warehouse/Distribution	70%
Manufacturing	5%
High Tech/R&D	25%
Rate of Construction	
Warehouse/Distribution	Down 10%
Manufacturing	Same
High Tech/R&D	Up 10%
Dollar Volume - Sales	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Up 5%
Dollar Volume - Leases	
Warehouse/Distribution	Down 10%
Manufacturing	Down 10%
High Tech/R&D	Down 10%

Note - Compared to a year ago

Demographics

		Rank
Population:	848,616	48
Population Growth Rate:	1.21%	
Unemployment Rate:	3.50%	
Median Household Income:	$34,933	15
Cost of Living Index:	107.2	14

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Down 10%
Manufacturing	Down 10%
High Tech/R&D	Down 10%
Site Prices	Same
Absorption	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Up 5%
Construction	
Warehouse/Distribution	Down 10%
Manufacturing	Down 10%
High Tech/R&D	Down 10%
Dollar Volume - Sales	Up 5%
Dollar Volume - Leases	Up 5%

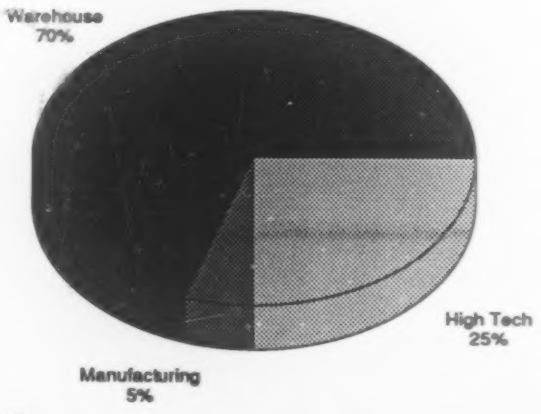
1989 Review

A penchant for tenants to purchase facilities for their use, and a modest decrease in the overall demand for industrial space pushed vacancies up in 1989, as the stock of leasable buildings saw a negative net absorption of 1.2 million sq. ft. Data for this market excluded owner-occupied facilities. Oversupply blankets all size and use categories, even though trade is a large and rapidly expanding component of the metropolitan Richmond economy. Warehousing was the largest component of market activity. The 1987-1988 surge of speculative development was still being digested by the market during the past year.

1990 Forecast

With the large volume of industrial space presently seeking tenants, speculative construction will likely decrease in 1990 while absorption turns marginally upward. The local economy, one of the fastest growing in the nation during the 80s, should remain sound at the start of the 90s. Land prices are expected to stabilize after rising sharply for the past several years. Capital inflows to the region, from both domestic and offshore sources, will remain ample.

Composition of Absorption
Richmond



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Roanoke, Virginia: Industrial

Roanoke Valley (Roanoke City, Roanoke County, Salem, and Vinton)

Market Data

Inventory (sf)	Central City	Suburban
Total	6,800,000	9,000,000
Vacant	400,000	200,000
Vacancy Rates	5.9%	2.2%
Under Construction	50,000	200,000
Net Absorption	50,000	100,000

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Ample

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	15.00-20.00	15.00-30.00
5,000 to 19,999 sf	12.00-18.00	15.00-20.00
20,000 to 39,999 sf	10.00-18.00	12.00-25.00
40,000 to 59,999 sf	10.00-16.00	10.00-22.00
60,000 to 99,999 sf	8.00-16.00	10.00-20.00
More than 100,000 sf	8.00-15.00	8.00-20.00
High Tech/R&D	20.00-35.00	25.00-40.00

Construction Costs	
Less than 5,000 sf	24.00
5,000 to 19,999 sf	21.00
20,000 to 39,999 sf	19.00
40,000 to 59,999 sf	18.00
60,000 to 99,999 sf	17.00
More than 100,000 sf	17.00
High Tech/R&D	n/a

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	1.75-3.50	3.00-5.50
5,000 to 19,999 sf	1.50-2.75	2.50-5.00
20,000 to 39,999 sf	1.25-2.50	2.25-4.00
40,000 to 59,999 sf	1.25-2.25	2.00-3.50
60,000 to 99,999 sf	1.25-2.00	1.75-2.75
More than 100,000 sf	1.00-2.00	1.50-2.00
High Tech/R&D	4.00-5.00	4.00-6.50

Vacancy Indicators	
Less than 5,000 sf	Substantial Shortage
5,000 to 19,999 sf	Substantial Shortage
20,000 to 39,999 sf	Moderate Shortage
40,000 to 59,999 sf	Moderate Shortage
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Balanced Market
High Tech/R&D	Balanced Market

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	1.00-2.00	1.25-2.50
2 to 5 Acres	1.00-2.00	1.00-2.25
5 to 10 Acres	-	1.00-2.00
More than 10 Acres	-	0.75-1.75
Unimproved Sites		
Less than 10 Acres	-	0.75-1.25
10 to 100 Acres	-	0.40-1.00
More than 100 Acres	-	0.25-0.75

Composition of Absorption	
Warehouse/Distribution	70%
Manufacturing	25%
High Tech/R&D	5%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Up 1-5%
Manufacturing	Up 1-5%
High Tech/R&D	Up 1-5%
Dollar Volume - Leases	
Warehouse/Distribution	Up 1-5%
Manufacturing	Up 1-5%
High Tech/R&D	Up 1-5%

Note - Compared to a year ago

Demographics

		Rank
Population:	226,841	93
Population Growth Rate:	0.32%	
Unemployment Rate:	3.10%	
Median Household Income:	$30,191	43
Cost of Living Index:	96.5	57

Outlook

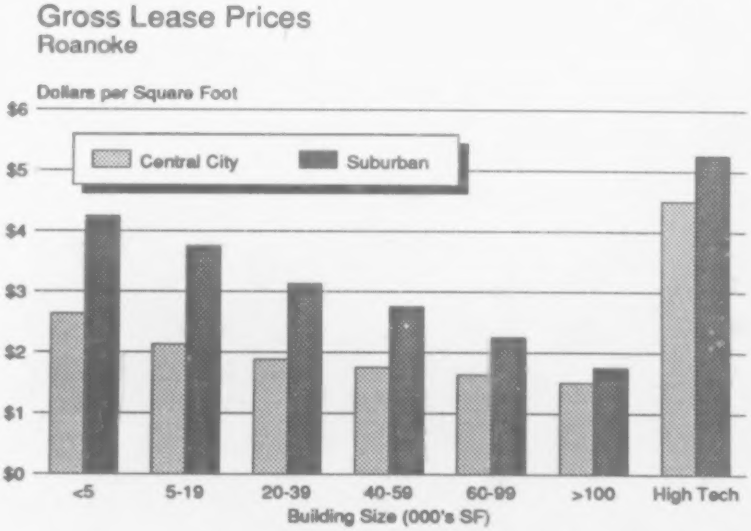
Sales Prices	
Warehouse/Distribution	Up 1-5%
Manufacturing	Up 1-5%
High Tech/R&D	Up 1-5%
Lease Prices	
Warehouse/Distribution	Up 6-10%
Manufacturing	Up 6-10%
High Tech/R&D	Up 1-5%
Site Prices	Up 6-10%
Absorption	
Warehouse/Distribution	Up 1-5%
Manufacturing	Up 1-5%
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Up 5-10%
Manufacturing	Up 1-5%
High Tech/R&D	Same
Dollar Volume - Sales	Up 1-5%
Dollar Volume - Leases	Up 5-10%

1989 Review

Leasing demand was strong in 1989 and supply was short. The demand of investment purchases was more moderate, with users preferring the build-to-suit route rather than buying existing buildings. Warehouse/distribution facilities dominated the absorption statistics, with a 70 percent share. Roanoke's new airport facility and a government oriented toward economic development contributed to an upbeat year for this mid-sized western Virginia market.

1990 Forecast

Local agencies are heavily involved in the development of industrial land. Municipal industrial parks help attract large users, but discourage private speculative development. For 1990, rents justifying new spec construction will be difficult to obtain. Most private construction will again be user built-to-suits. A rise in lease rates and land costs is expected to lead most market measures upward in 1990. A shift in economic development targeting from distribution to manufacturing is in the offing.



Rochester, New York: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	2,000,000	20,000,000
Vacant	50,000	150,000
Vacancy Rates	2.5%	0.8%
Under Construction	0	500,000
Net Absorption	0	500,000

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Ample

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	n/a	50.00
5,000 to 19,999 sf	n/a	45.00
20,000 to 39,999 sf	n/a	40.00
40,000 to 59,999 sf	n/a	40.00
60,000 to 99,999 sf	n/a	35.00
More than 100,000 sf	n/a	30.00-35.00
High Tech/R&D	n/a	60.00-120.00

Construction Costs	
Less than 5,000 sf	40.00
5,000 to 19,999 sf	37.00
20,000 to 39,999 sf	35.00
40,000 to 59,999 sf	32.00
60,000 to 99,999 sf	30.00
More than 100,000 sf	30.00
High Tech/R&D	70.00-150.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	n/a	7.50
5,000 to 19,999 sf	n/a	6.50
20,000 to 39,999 sf	n/a	5.50
40,000 to 59,999 sf	n/a	4.50
60,000 to 99,999 sf	n/a	4.25
More than 100,000 sf	n/a	4.00
High Tech/R&D	n/a	n/a

Vacancy Indicators	
Less than 5,000 sf	Balanced Market
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Balanced Market
High Tech/R&D	Balanced Market

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	n/a	2.50
2 to 5 Acres	n/a	2.25
5 to 10 Acres	n/a	2.00
More than 10 Acres	n/a	1.00-2.00
Unimproved Sites		
Less than 10 Acres	n/a	0.75
10 to 100 Acres	n/a	0.50
More than 100 Acres	n/a	0.25

Composition of Absorption	
Warehouse/Distribution	100%
Manufacturing	0%
High Tech/R&D	0%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same

Note - Compared to a year ago

Demographics

		Rank
Population:	983,985	39
Population Growth Rate:	0.15%	
Unemployment Rate:	4.10%	
Median Household Income:	$34,582	18
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Up n/a%
Lease Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Up n/a%
Site Prices	Up 5-15%
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Same
Dollar Volume - Leases	Same

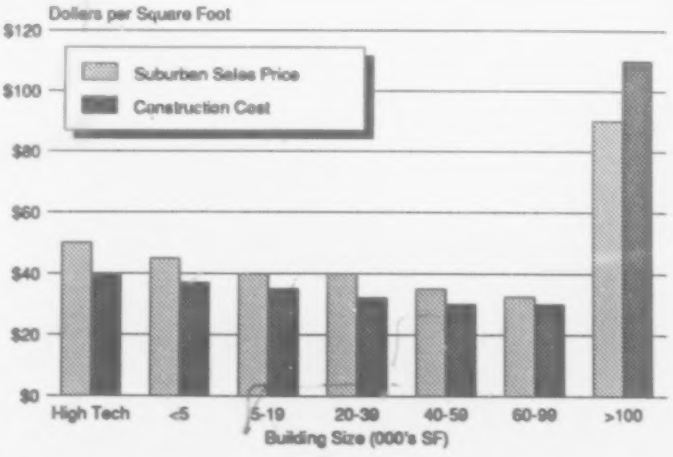
1989 Review

This upstate New York city is best known for a few major manufacturing firms, Kodak, Xerox and Bausch & Lomb. Industrial property sales activity in the area was at normal levels in 1989 for both production and distribution facilities. In the leasing market, the picture differed with warehouses reporting good leasing demand while tenant requirements for manufacturing space was weak. Profits squeezes on the city's major companies held down growth last year, but absorption and new construction were fortunately well-matched.

1990 Forecast

A weak economic outlook and high construction costs add up to a slow year for new development in 1990, despite the market's excellent occupancy ratio. Few relocations or expansions are anticipated to boost the absorption outlook, and offshore investors have not discovered Rochester yet. Lateral movement will account for most market activity and most vacated space is re-occupied within nine months.

Sales Prices vs. Construction Costs
Rochester



Sacramento, California: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	51,000,000	-
Vacant	4,700,000	-
Vacancy Rates	9.2%	-
Under Construction	2,150,000	-
Net Absorption	1,975,000	-

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	57.00	-
5,000 to 19,999 sf	42.00	-
20,000 to 39,999 sf	34.00	-
40,000 to 59,999 sf	30.00	-
60,000 to 99,999 sf	26.00	-
More than 100,000 sf	25.00	-
High Tech/R&D	60.00	-

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	4.20	-
5,000 to 19,999 sf	3.60	-
20,000 to 39,999 sf	3.12	-
40,000 to 59,999 sf	2.76	-
60,000 to 99,999 sf	2.52	-
More than 100,000 sf	2.28	-
High Tech/R&D	8.40	-

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	4.00	-
2 to 5 Acres	3.50	-
5 to 10 Acres	3.00	-
More than 10 Acres	2.75	-
Unimproved Sites		
Less than 10 Acres	1.80	-
10 to 100 Acres	1.35	-
More than 100 Acres	1.25	-

Demographics

		Rank
Population:	1,401,531	27
Population Growth Rate:	2.73%	
Unemployment Rate:	4.70%	
Median Household Income:	$28,781	60
Cost of Living Index:	114.1	9

Outlook

Sales Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Up 5%
High Tech/R&D	Same
Site Prices	Same
Absorption	
Warehouse/Distribution	Up 10%
Manufacturing	Up 10%
High Tech/R&D	Up 10%
Construction	
Warehouse/Distribution	Up 10%
Manufacturing	Up 10%
High Tech/R&D	Up 10%
Dollar Volume - Sales	Up 5%
Dollar Volume - Leases	Up 5%

Prime Source of Financing:
Insurance Companies

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	30.00
5,000 to 19,999 sf	27.50
20,000 to 39,999 sf	25.00
40,000 to 59,999 sf	24.00
60,000 to 99,999 sf	23.00
More than 100,000 sf	22.00
High Tech/R&D	45.00

Vacancy Indicators	
Less than 5,000 sf	Balanced Market
5,000 to 19,999 sf	Moderate Oversupply
20,000 to 39,999 sf	Moderate Oversupply
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Moderate Shortage
High Tech/R&D	Balanced Market

Composition of Absorption	
Warehouse/Distribution	80%
Manufacturing	15%
High Tech/R&D	5%
Rate of Construction	
Warehouse/Distribution	Up 10%
Manufacturing	Down 5%
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Up 15%
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Down 20%
Manufacturing	Same
High Tech/R&D	Same

Note - Compared to a year ago

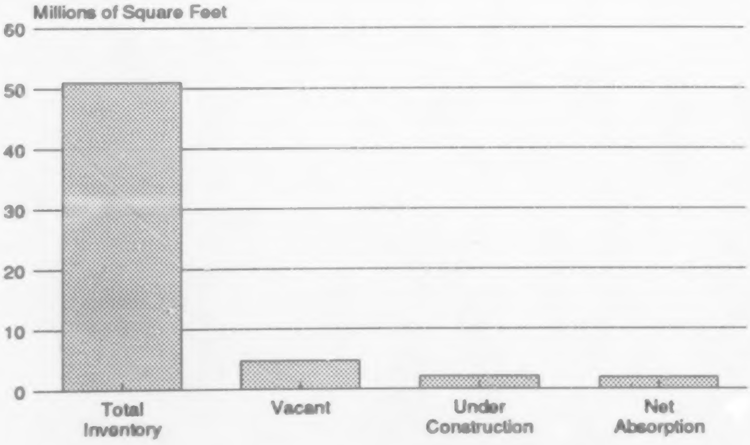
1989 Review

Migration from California's high-priced coastal markets to the Central Valley contributed to further growth and diversification in the Sacramento market area. This market ended 1989 in sound condition, with 92.8 percent of its inventory occupied and those sectors reporting moderate oversupply were also the sectors where demand was strongest. Good balance between new development and net absorption helped keep the market firm in 1989.

1990 Forecast

The outlook for speculative construction is the strongest in memory for SIOR's local respondent. Absorption is expected to be up 10 percent from last year's excellent results. Japanese and Korean companies are actively interested in Sacramento, and NEC has committed to a $400 million expansion here, reported to be the largest non-automotive facilities investment by the Japanese in the United States.

Central City Market Inventory
Sacramento



San Antonio, Texas: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	12,700,000	40,900,000
Vacant	1,200,000	4,750,000
Vacancy Rates	9.4%	11.6%
Under Construction	15,000	250,000
Net Absorption	300,000	2,000,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	n/a	20.00-25.00
5,000 to 19,999 sf	n/a	15.00-25.00
20,000 to 39,999 sf	n/a	15.00-22.00
40,000 to 59,999 sf	n/a	13.00-19.00
60,000 to 99,999 sf	n/a	12.00-16.00
More than 100,000 sf	12.00-16.00	12.00-16.00
High Tech/R&D	n/a	28.00-32.00

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	3.00-4.20	3.00-4.20
5,000 to 19,999 sf	2.16-3.00	2.04-2.76
20,000 to 39,999 sf	1.95-2.16	1.92-2.28
40,000 to 59,999 sf	3.00-3.36	1.80-2.16
60,000 to 99,999 sf	n/a	1.80-2.16
More than 100,000 sf	1.95-2.16	1.80-2.16
High Tech/R&D	n/a	4.56-5.04

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	3.00-4.00	1.00-2.50
2 to 5 Acres	n/a	1.00-2.50
5 to 10 Acres	n/a	1.00-1.75
More than 10 Acres	n/a	0.60-1.25
Unimproved Sites		
Less than 10 Acres	n/a	0.50-0.85
10 to 100 Acres	n/a	0.25-0.65
More than 100 Acres	n/a	0.25-0.65

Prime Source of Financing:
Insurance Companies

Mortgage Money Supply:
Moderate

Construction Costs	
Less than 5,000 sf	21.00-25.00
5,000 to 19,999 sf	17.00-21.00
20,000 to 39,999 sf	13.00-17.00
40,000 to 59,999 sf	13.00-17.00
60,000 to 99,999 sf	11.00-13.00
More than 100,000 sf	10.00-11.00
High Tech/R&D	35.00-40.00

Vacancy Indicators	
Less than 5,000 sf	Substantial Oversupply
5,000 to 19,999 sf	Substantial Oversupply
20,000 to 39,999 sf	Substantial Oversupply
40,000 to 59,999 sf	Moderate Oversupply
60,000 to 99,999 sf	Moderate Oversupply
More than 100,000 sf	Balanced Market
High Tech/R&D	Moderate Oversupply

Composition of Absorption	
Warehouse/Distribution	70%
Manufacturing	10%
High Tech/R&D	20%
Rate of Construction	
Warehouse/Distribution	Up 6-10%
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Up 15%
Manufacturing	Same
High Tech/R&D	Up 15%

Note - Compared to a year ago

Demographics

		Rank
Population:	1,343,108	29
Population Growth Rate:	2.54%	
Unemployment Rate:	7.00%	
Median Household Income:	$27,246	71
Cost of Living Index:	97.1	53

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Site Prices	Same
Absorption	
Warehouse/Distribution	Up 10-15%
Manufacturing	Up 10-15%
High Tech/R&D	Up 10-15%
Construction	
Warehouse/Distribution	Up 1-5%
Manufacturing	Up 1-5%
High Tech/R&D	Up 1-5%
Dollar Volume - Sales	Up 1-5%
Dollar Volume - Leases	Up 1-5%

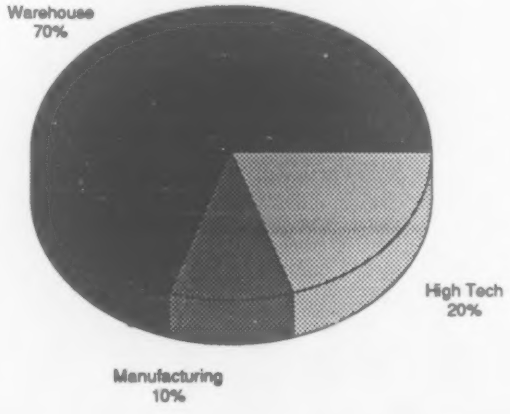
1989 Review

It appears that this market has seen its bottom, as signs of firming can be discerned in the context of residual oversupply. In 1989, 2.3 million sq. ft. of net absorption enabled the occupancy rate to rise to 88.9 percent from 84.6 the prior year. Lease prices remained steady, but additional activity brought the dollar volume of warehouse leasing up 15 percent from 1988 levels. San Antonio's 20 percent absorption component for R&D reflects an important concentration of bio-medical facilities and the establishment of a Research Park by H. Ross Perot.

1990 Forecast

Two large convention/tourism features - a 65,000 seat domed stadium and a $120 million theme park - will begin construction in 1990, stimulating the local economy further. Speculative construction is still on hold, however, until rents rise to feasibility levels again. This upward movement is not expected in 1990, and the supply of inexpensive space should find industrial users stepping up the pace of absorption by 10 to 15 percent, in the view of SIOR's local correspondents.

Composition of Absorption
San Antonio



San Diego, California: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	27,582,000	28,100,000
Vacant	3,715,000	4,805,000
Vacancy Rates	13.5%	17.1%
Under Construction	979,000	2,013,000
Net Absorption	2,136,000	2,736,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	65.00-70.00	55.00-70.00
5,000 to 19,999 sf	60.00-70.00	50.00-65.00
20,000 to 39,999 sf	55.00-65.00	50.00-60.00
40,000 to 59,999 sf	50.00-60.00	50.00-55.00
60,000 to 99,999 sf	50.00-55.00	45.00-55.00
More than 100,000 sf	40.00-50.00	40.00-45.00
High Tech/R&D	75.00-95.00	65.00-80.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	6.00-7.20	5.40-6.60
5,000 to 19,999 sf	6.00-6.60	5.40-6.00
20,000 to 39,999 sf	5.64-6.00	5.28-6.00
40,000 to 59,999 sf	5.40-5.76	5.04-5.64
60,000 to 99,999 sf	4.80-5.52	4.80-5.40
More than 100,000 sf	4.80-5.40	4.68-5.28
High Tech/R&D	9.60-10.80	9.00-10.20

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	11.00-17.00	6.50-9.00
2 to 5 Acres	11.00-17.00	6.00-9.00
5 to 10 Acres	11.00-15.00	5.50-8.00
More than 10 Acres	10.00-15.00	5.50-8.00
Unimproved Sites		
Less than 10 Acres	6.00-7.00	4.00-6.00
10 to 100 Acres	4.00-6.00	3.00-6.00
More than 100 Acres	3.00-6.00	2.00-5.00

Prime Source of Financing:
Insurance Companies, Commercial Banks

Mortgage Money Supply:
Moderate

Construction Costs	
Less than 5,000 sf	27.00-30.00
5,000 to 19,999 sf	25.00-28.00
20,000 to 39,999 sf	22.00-25.00
40,000 to 59,999 sf	20.00-23.00
60,000 to 99,999 sf	18.00-22.00
More than 100,000 sf	16.00-19.00
High Tech/R&D	24.00-28.00

Vacancy Indicators	
Less than 5,000 sf	Balanced Market
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Moderate Oversupply
More than 100,000 sf	Balanced Market
High Tech/R&D	Moderate Oversupply

Composition of Absorption	
Warehouse/Distribution	55%
Manufacturing	26%
High Tech/R&D	19%
Rate of Construction	
Warehouse/Distribution	Down 7-8%
Manufacturing	Down 5-10%
High Tech/R&D	Down 5-10%
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Down 3-5%
High Tech/R&D	Down 3-5%
Dollar Volume - Leases	
Warehouse/Distribution	Down 1-3%
Manufacturing	Down 2-4%
High Tech/R&D	Down 3-4%

Note - Compared to a year ago

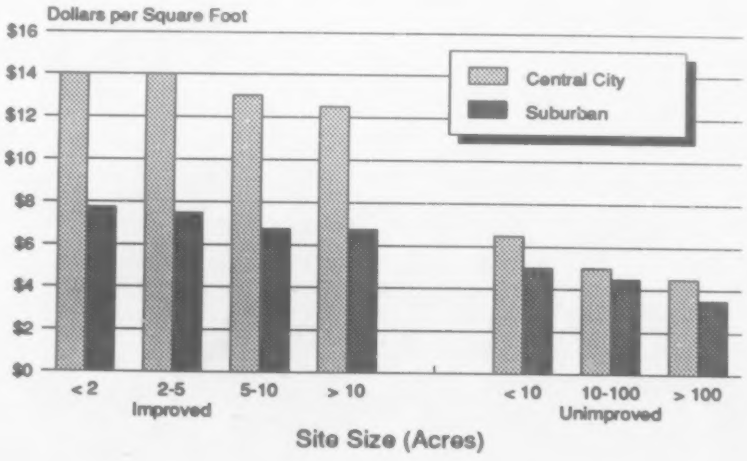
Demographics

		Rank
Population:	2,402,811	14
Population Growth Rate:	2.87%	
Unemployment Rate:	4.20%	
Median Household Income:	$29,546	52
Cost of Living Index:	131.0	3

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Down 1-2%
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Site Prices	Up 1-3%
Absorption	
Warehouse/Distribution	Up 2-4%
Manufacturing	Same
High Tech/R&D	Down 2-4%
Construction	
Warehouse/Distribution	Same
Manufacturing	Down 1-3%
High Tech/R&D	Down 2-4%
Dollar Volume - Sales	Same
Dollar Volume - Leases	Up 2-4%

Site Prices
San Diego



1989 Review

Just under five million sq. ft. of space was absorbed in 1989, an active year for most markets but an eight percent reduction in net leasing for San Diego. Construction also slowed by five to 10 percent, though, and the countywide occupancy rate jumped to 85 percent, a 10 percentage point increase compared with 1988. Goods movements through the Port of San Diego and the maquiladora arrangements at the border with Tiajuana spread the components of absorption to all sectors.

1990 Forecast

This year is expected to be somewhat slower for San Diego. Defense spending is important to the local economy, and will be tighter in 1990. The northern part of the county will see most new activity due to more economical land prices there. Otay Mesa and the Mexican border area are the focal points of manufacturing expansion, particularly for Asian firms setting up production functions requiring abundant, low-cost labor.

San Jose, California: Industrial

Silicon Valley

Market Data

Inventory (sf)	Central City	Suburban
Total	-	160,000,000
Vacant	-	19,477,717
Vacancy Rates	-	12.2%
Under Construction	-	1,896,901
Net Absorption	-	n/a

Prime Source of Financing:
Insurance Companies, Commercial Banks, Pension Funds

Mortgage Money Supply:
Ample

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	75.00
5,000 to 19,999 sf	-	72.00
20,000 to 39,999 sf	-	67.00
40,000 to 59,999 sf	-	n/a
60,000 to 99,999 sf	-	47.00-50.00
More than 100,000 sf	-	n/a
High Tech/R&D	-	80.00-100.00

Construction Costs	
Less than 5,000 sf	n/a
5,000 to 19,999 sf	n/a
20,000 to 39,999 sf	n/a
40,000 to 59,999 sf	n/a
60,000 to 99,999 sf	22.00
More than 100,000 sf	20.00
High Tech/R&D	34.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	6.60-7.20
5,000 to 19,999 sf	-	5.40-6.00
20,000 to 39,999 sf	-	n/a
40,000 to 59,999 sf	-	3.96-4.20
60,000 to 99,999 sf	-	n/a
More than 100,000 sf	-	n/a
High Tech/R&D	-	9.00-12.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Shortage
5,000 to 19,999 sf	Moderate Oversupply
20,000 to 39,999 sf	Moderate Oversupply
40,000 to 59,999 sf	Moderate Shortage
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Substantial Shortage
High Tech/R&D	

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	100.00	14.00
2 to 5 Acres	-	14.00
5 to 10 Acres	-	12.00
More than 10 Acres	-	12.00
Unimproved Sites		
Less than 10 Acres	-	n/a
10 to 100 Acres	-	n/a
More than 100 Acres	-	n/a

Composition of Absorption	
Warehouse/Distribution	0%
Manufacturing	0%
High Tech/R&D	100%
Rate of Construction	
Warehouse/Distribution	Up
Manufacturing	Down
High Tech/R&D	Down
Dollar Volume - Sales	
Warehouse/Distribution	Up 25%
Manufacturing	Up 10%
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Up 20%
Manufacturing	Up 8%
High Tech/R&D	Up 8%

Note - Compared to a year ago

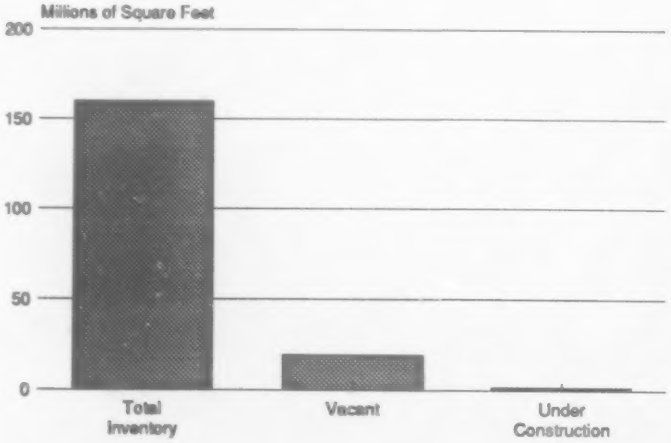
Demographics

		Rank
Population:	1,448,249	24
Population Growth Rate:	1.25%	
Unemployment Rate:	3.80%	
Median Household Income:	$45,022	4
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Up
High Tech/R&D	Up
Lease Prices	
Warehouse/Distribution	Up
Manufacturing	Up
High Tech/R&D	Up
Site Prices	n/a
Absorption	
Warehouse/Distribution	Same
Manufacturing	Up
High Tech/R&D	Up
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Up
Dollar Volume - Leases	Up

Market Inventory
San Jose



1989 Review

Silicon Valley took another step in its slow recovery from its 1986 collapse, when high technology entered an industry-wide recession just as local construction hit its peak. With occupancy now at nearly 88 percent, leasing activity has almost caught up with unused capacity in this market. Purchase of R&D facilities for investment has been strong, and leasing volume was up 20 percent when measured in the dollar amount of transactions in 1989.

1990 Forecast

San Jose and environs find themselves tied to a single and exceptionally volatile industry. High costs, particularly in housing, place it at a comparative disadvantage to R&D centers elsewhere in the country, a handicap its enviable quality of life can occasionally counter-balance. For 1990, improving prospects for technology firms will help this market; but for investors, a high risk/high return calculus will govern facilities decisions for some time to come.

Sarasota/Bradenton, Florida: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	-	14,655,000
Vacant	-	1,728,125
Vacancy Rates	-	11.8%
Under Construction	-	n/a
Net Absorption	-	n/a

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	36.00
5,000 to 19,999 sf	-	33.00
20,000 to 39,999 sf	-	26.00
40,000 to 59,999 sf	-	20.00
60,000 to 99,999 sf	-	17.25
More than 100,000 sf	-	n/a
High Tech/R&D	-	n/a

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	4.25
5,000 to 19,999 sf	-	3.75
20,000 to 39,999 sf	-	3.35
40,000 to 59,999 sf	-	3.00
60,000 to 99,999 sf	-	2.75
More than 100,000 sf	-	n/a
High Tech/R&D	-	n/a

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	-	2.25
2 to 5 Acres	-	2.00
5 to 10 Acres	-	1.75
More than 10 Acres	-	1.25
Unimproved Sites		
Less than 10 Acres	-	0.85
10 to 100 Acres	-	0.65
More than 100 Acres	-	0.50

Demographics

		Rank
Population:	268,046	90
Population Growth Rate:	3.18%	
Unemployment Rate:	3.70%	
Median Household Income:	$28,905	58
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Up 10%
Manufacturing	Up 10%
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Same
Site Prices	Same
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Down 10%
Manufacturing	Down 10%
High Tech/R&D	Same
Dollar Volume - Sales	Same
Dollar Volume - Leases	Same

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Moderate

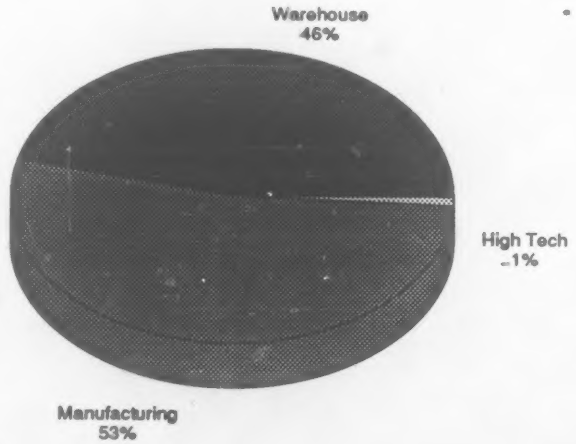
Construction Costs	
Less than 5,000 sf	30.50
5,000 to 19,999 sf	27.00
20,000 to 39,999 sf	21.00
40,000 to 59,999 sf	19.00
60,000 to 99,999 sf	n/a
More than 100,000 sf	n/a
High Tech/R&D	45.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Oversupply
5,000 to 19,999 sf	Moderate Oversupply
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Moderate Oversupply
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Balanced Market
High Tech/R&D	Balanced Market

Composition of Absorption	
Warehouse/Distribution	46%
Manufacturing	53%
High Tech/R&D	1%
Rate of Construction	
Warehouse/Distribution	Down 10%
Manufacturing	Down 10%
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Down 20%
Manufacturing	Down 20%
High Tech/R&D	Down 5%
Dollar Volume - Leases	
Warehouse/Distribution	Down 5%
Manufacturing	Down 10%
High Tech/R&D	Same

Note - Compared to a year ago

Composition of Absorption
Sarasota



1989 Review

A largely uneventful year for the industrial market, 1989 closed strong with demand for space increasing. Vacancies remained ample at almost 12 percent, in spite of a 10 percent contraction in development activity. Transaction volume was down from 1988 levels. Sarasota looks to the manufacturing sector for more than half its industrial absorption. In general, however, the economy is tourism-centered and the influx of dollars kept things growing slowly but consistently.

1990 Forecast

The rise in impact fees mandated by Florida's environmental laws tips the balance against speculative development in 1990. Improved sites saw their prices increase last year, and that trend is expected to continue. Transaction volumes are anticipated to remain at the reduced levels of 1989, but upward pressure on rental rates and sales prices is expected as absorption runs ahead of additional inventory.

Seattle-Eastside, Washington: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	-	13,150,639
Vacant	-	1,422,099
Vacancy Rates	-	10.8%
Under Construction	-	304,954
Net Absorption	-	997,373

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	55.00-60.00
5,000 to 19,999 sf	-	50.00-55.00
20,000 to 39,999 sf	-	45.00-50.00
40,000 to 59,999 sf	-	40.00-45.00
60,000 to 99,999 sf	-	38.00-40.00
More than 100,000 sf	-	35.00-40.00
High Tech/R&D	-	60.00-75.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	6.10
5,000 to 19,999 sf	-	5.50
20,000 to 39,999 sf	-	4.90
40,000 to 59,999 sf	-	4.30
60,000 to 99,999 sf	-	4.30
More than 100,000 sf	-	4.30
High Tech/R&D	-	8.00

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	-	6.50-11.00
2 to 5 Acres	-	6.50-11.00
5 to 10 Acres	-	6.50-11.00
More than 10 Acres	-	6.50-11.00
Unimproved Sites		
Less than 10 Acres	-	4.50
10 to 100 Acres	-	3.50
More than 100 Acres	-	-

Demographics

		Rank
Population:	1,868,615	18
Population Growth Rate:	1.69%	
Unemployment Rate:	4.4%	
Median Household Income:	$31,668	35
Cost of Living Index:	111.4	13

Outlook

Sales Prices	
Warehouse/Distribution	Up 10%
Manufacturing	Up 10%
High Tech/R&D	Up 10%
Lease Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Up 5%
Site Prices	Up 30%
Absorption	
Warehouse/Distribution	Up 20%
Manufacturing	Up 20%
High Tech/R&D	Up 20%
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Up 10%
Dollar Volume - Leases	Up 10%

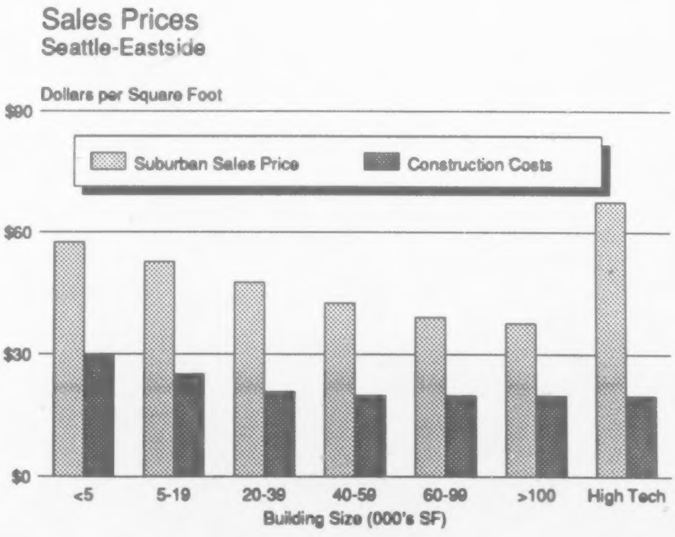
Prime Source of Financing:
Insurance Companies, Owner Financing, Joint Venture
Mortgage Money Supply:
Moderate

Construction Costs	
Less than 5,000 sf	30.00
5,000 to 19,999 sf	25.00
20,000 to 39,999 sf	21.00
40,000 to 59,999 sf	20.00
60,000 to 99,999 sf	20.00
More than 100,000 sf	20.00
High Tech/R&D	20.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Oversupply
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Moderate Oversupply
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Balanced Market
High Tech/R&D	Moderate Oversupply

Composition of Absorption	
Warehouse/Distribution	30%
Manufacturing	30%
High Tech/R&D	40%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Up 47%
Manufacturing	Up 47%
High Tech/R&D	Up 47%
Dollar Volume - Leases	
Warehouse/Distribution	Up 50%
Manufacturing	Up 50%
High Tech/R&D	Up 50%

Note - Compared to a year ago



1989 Review

Occupancy neared the 90 percent mark in 1989, on the strength of nearly one million sq. ft. of net absorption over the year. Primary users of industrial space in suburban Seattle were electronics firms and biomedical companies. The market's diversity is illustrated by the evenly balanced composition of absorption. Rents edged up about $0.10 per sq. ft. last year, and sales prices extended the upper end of their range. Transaction volumes for the year exceeded the most optimistic forecasts.

1990 Forecast

Another good year is in store for Seattle. A large order backlog for Boeing will stimulate demand throughout the area, and absorption is expected to be up 20 percent across the board. Foreign investment is increasing. Speculative construction underway is a modest 300,000 sq. ft., but an additional 2.2 million sq. ft. is proposed. Site prices, already high, will continue to climb. In sum, 1990 shapes up as a very active year for this suburban industrial market.

Seattle-North & South, Washington: Industrial

Seattle Metropolitan Area

Market Data

Inventory (sf)	Central City	Suburban
Total	56,126,610	90,113,800
Vacant	2,177,712	3,027,823
Vacancy Rates	3.9%	3.4%
Under Construction	250,000	2,500,000
Net Absorption	350,000	1,250,000

Prime Source of Financing:
Insurance Companies

Mortgage Money Supply:
Ample

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	30.00-35.00	30.00-35.00
5,000 to 19,999 sf	25.00-30.00	25.00-30.00
20,000 to 39,999 sf	25.00-30.00	25.00-30.00
40,000 to 59,999 sf	22.00-28.00	22.00-28.00
60,000 to 99,999 sf	20.00-28.00	20.00-28.00
More than 100,000 sf	20.00-25.00	20.00-25.00
High Tech/R&D	65.00-90.00	65.00-90.00

Construction Costs	
Less than 5,000 sf	22.00-28.00
5,000 to 19,999 sf	22.00-28.00
20,000 to 39,999 sf	20.00-26.00
40,000 to 59,999 sf	20.00-26.00
60,000 to 99,999 sf	19.00-25.00
More than 100,000 sf	19.00-25.00
High Tech/R&D	40.00-85.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	2.40-3.00	3.12-3.60
5,000 to 19,999 sf	3.00-4.20	3.12-3.60
20,000 to 39,999 sf	4.20-4.80	3.12-3.60
40,000 to 59,999 sf	3.00-4.20	3.12-3.84
60,000 to 99,999 sf	2.40-3.60	3.12-3.84
More than 100,000 sf	2.40-3.60	3.12-3.84
High Tech/R&D	7.80-10.20	7.80-12.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Shortage
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Moderate Shortage
40,000 to 59,999 sf	Moderate Shortage
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Substantial Shortage
High Tech/R&D	Moderate Oversupply

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	8.00-17.00	2.50-5.00
2 to 5 Acres	8.00-17.00	2.50-5.00
5 to 10 Acres	8.00-17.00	2.50-5.00
More than 10 Acres	8.00-17.00	1.30-3.50
Unimproved Sites		
Less than 10 Acres	7.00-15.00	n/a
10 to 100 Acres	7.00-15.00	n/a-
More than 100 Acres	7.00-15.00	n/a

Composition of Absorption	
Warehouse/Distribution	60%
Manufacturing	25%
High Tech/R&D	15%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Up 5-10%
High Tech/R&D	Up 5-10%
Dollar Volume - Sales	
Warehouse/Distribution	Up 10%
Manufacturing	Up 5%
High Tech/R&D	Up 5%
Dollar Volume - Leases	
Warehouse/Distribution	Up 10%
Manufacturing	Up 10%
High Tech/R&D	Up 10%

Note - Compared to a year ago

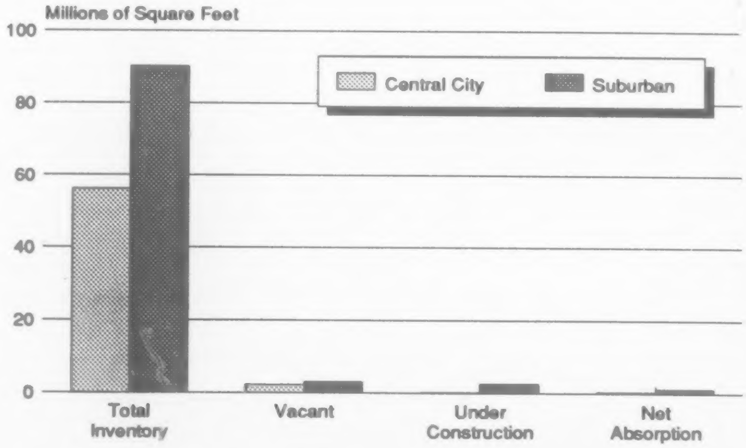
Demographics

		Rank
Population:	1,868,615	18
Population Growth Rate:	1.69%	
Unemployment Rate:	4.4%	
Median Household Income:	$31,668	35
Cost of Living Index:	111.4	13

Outlook

Sales Prices	
Warehouse/Distribution	Up 5-10%
Manufacturing	Up 5-10%
High Tech/R&D	Up 5-10%
Lease Prices	
Warehouse/Distribution	Up 5-10%
Manufacturing	Up 5-10%
High Tech/R&D	Up 5-10%
Site Prices	Up 10%
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Up 5%
High Tech/R&D	Up 5%
Dollar Volume - Sales	Up 5-10%
Dollar Volume - Leases	Up 5-10%

Market Inventory
Seattle-North & South



1989 Review

Space shortages in all production/distribution size classes coupled with swelling demand brought occupancy near the 97 percent level in 1989. Expansions and relocations of existing tenants formed the core of demand, and there were many build-to-suit developments. Aerospace, timber, software, biotech and port activity all contributed to the booming economy. Most market measures tallied by SIOR's researcher on the scene advanced strongly. Optimism was the order of the day in Seattle in 1989.

1990 Forecast

Another strong year for absorption is expected, and most transaction variables are expected to rise five to 10 percent, in the opinion of SIOR's market reporter. Speculative construction may fall off a bit because of land shortages and prices in the more popular districts. Speculators are just beginning to attack new areas. Newcomers to the Pacific Northwest should be prepared for a slow growth movement that is gathering strength and has already affected the downtown office district.

Shreveport, Louisiana: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	1,000,000	15,000,000
Vacant	400,000	1,500,000
Vacancy Rates	40.0%	10.0%
Under Construction	0	50,000
Net Absorption	0	300,000

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Not Available

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	18.00	20.00
5,000 to 19,999 sf	17.00	20.00
20,000 to 39,999 sf	15.00	17.00
40,000 to 59,999 sf	14.00	16.00
60,000 to 99,999 sf	12.00	15.00
More than 100,000 sf	10.00	15.00
High Tech/R&D	-	-

Construction Costs	
Less than 5,000 sf	25.00
5,000 to 19,999 sf	23.00
20,000 to 39,999 sf	22.00
40,000 to 59,999 sf	20.00
60,000 to 99,999 sf	17.50
More than 100,000 sf	17.00
High Tech/R&D	-

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	2.50	3.00
5,000 to 19,999 sf	2.00	2.50
20,000 to 39,999 sf	1.50	2.00
40,000 to 59,999 sf	1.50	2.00
60,000 to 99,999 sf	1.50	1.75
More than 100,000 sf	1.50	1.75
High Tech/R&D	-	-

Vacancy Indicators	
Less than 5,000 sf	Moderate Oversupply
5,000 to 19,999 sf	Moderate Oversupply
20,000 to 39,999 sf	Moderate Oversupply
40,000 to 59,999 sf	Moderate Oversupply
60,000 to 99,999 sf	Moderate Oversupply
More than 100,000 sf	Balanced Market
High Tech/R&D	Moderate Oversupply

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	1.50	1.50
2 to 5 Acres	1.25	1.00
5 to 10 Acres	n/a	1.00
More than 10 Acres	n/a	1.00
Unimproved Sites		
Less than 10 Acres	1.00	1.00
10 to 100 Acres	n/a	0.50
More than 100 Acres	n/a	0.30

Composition of Absorption	
Warehouse/Distribution	25%
Manufacturing	75%
High Tech/R&D	0%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Up 10%
Manufacturing	Up 20%
High Tech/R&D	n/a
Dollar Volume - Leases	
Warehouse/Distribution	Up 15%
Manufacturing	Up 10%
High Tech/R&D	Up 10%

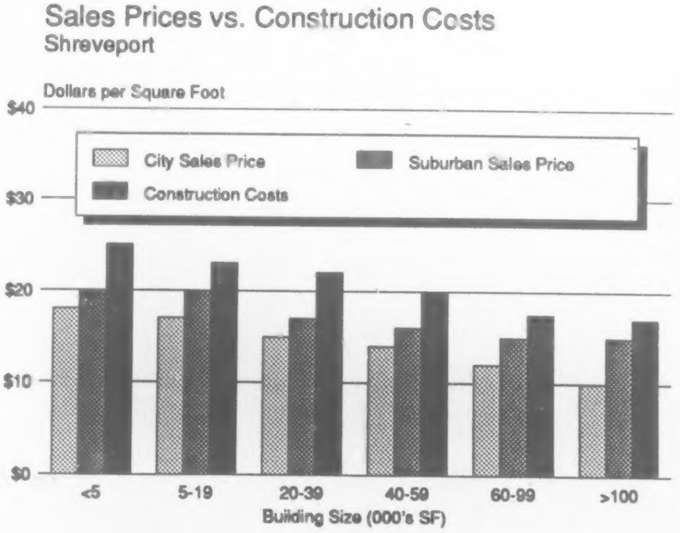
Note - Compared to a year ago

Demographics

		Rank
Population:	362,936	87
Population Growth Rate:	0.96%	
Unemployment Rate:	8.10%	
Median Household Income:	$24,605	86
Cost of Living Index:	96.8	55

Outlook

Sales Prices	
Warehouse/Distribution	Up 10%
Manufacturing	Up 10%
High Tech/R&D	n/a
Lease Prices	
Warehouse/Distribution	Up 15%
Manufacturing	Up 10%
High Tech/R&D	Up 10%
Site Prices	n/a
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Up 10%
Dollar Volume - Leases	Up 10%


Sales Prices vs. Construction Costs
Shreveport

1989 Review

Shreveport has a small manufacturing and distribution base which was still oversupplied, with a 12 percent vacancy rate overall at the end of 1989. Absorption, however, was three times the historical annual average of 100,000 sq. ft. - a reminder that smaller markets tend to be more volatile. The Shreveport economy bottomed out late in 1988, and demand accelerated late in 1989, particularly improving in the 50,000 sq. ft. size class for both warehousing and production facilities. Transaction dollar volume was up markedly in both the sales and lease categories.

1990 Forecast

Expanded user demand is likely to pick up more of the remaining slack in the market during 1990, as SIOR's local representative sees things. No new speculative construction should be anticipated until rents rise significantly. While the tenants are still in command here, another net absorption year like last would drive occupancy levels to 90 percent, an important milestone on the way to a balanced market.

Sioux City, Iowa: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	2,200,000	4,000,000
Vacant	60,000	120,000
Vacancy Rates	2.7%	3.0%
Under Construction	150,000	200,000
Net Absorption	50,000	180,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	18.00	18.00
5,000 to 19,999 sf	17.00	17.00
20,000 to 39,999 sf	17.00	15.00
40,000 to 59,999 sf	15.00	13.00
60,000 to 99,999 sf	13.00	12.00
More than 100,000 sf	n/a	12.00
High Tech/R&D	-	-

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	2.50	2.50
5,000 to 19,999 sf	2.00	2.00
20,000 to 39,999 sf	1.80	1.80
40,000 to 59,999 sf	1.50	1.50
60,000 to 99,999 sf	1.35	1.35
More than 100,000 sf	n/a	1.20
High Tech/R&D	-	-

Site Prices ($/sf)	Central City	Suburban
Improved Sites	-	
Less than 2 Acres	2.50	2.20
2 to 5 Acres	2.25	1.90
5 to 10 Acres	n/a	1.50
More than 10 Acres	n/a	0.85
Unimproved Sites		
Less than 10 Acres	0.35	0.25
10 to 100 Acres	n/a	0.15
More than 100 Acres	n/a	0.10

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	23.00
5,000 to 19,999 sf	21.00
20,000 to 39,999 sf	20.00
40,000 to 59,999 sf	18.00
60,000 to 99,999 sf	17.00
More than 100,000 sf	n/a
High Tech/R&D	-

Vacancy Indicators	
Less than 5,000 sf	Moderate Shortage
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Substantial Shortage
40,000 to 59,999 sf	Substantial Shortage
60,000 to 99,999 sf	Substantial Shortage
More than 100,000 sf	Balanced Market
High Tech/R&D	Balanced Market

Composition of Absorption	
Warehouse/Distribution	85%
Manufacturing	15%
High Tech/R&D	0%
Rate of Construction	
Warehouse/Distribution	Up 15%
Manufacturing	Down 10%
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Up 20%
Manufacturing	Down 5%
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Up 10%
Manufacturing	Down 10%
High Tech/R&D	Same

Note - Compared to a year ago

Demographics

		Rank
Population:	114,460	99
Population Growth Rate:	-0.29%	
Unemployment Rate:	3.90%	
Median Household Income:	$25,882	80
Cost of Living Index:	103.1	19

Outlook

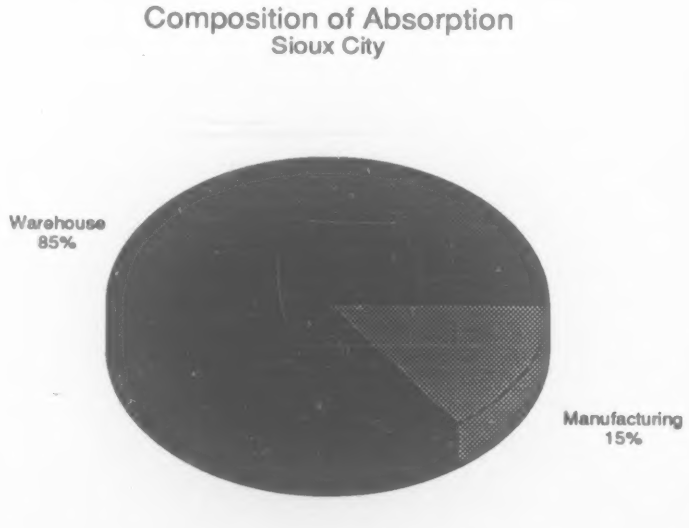
Sales Prices	
Warehouse/Distribution	Up 10%
Manufacturing	Up 10%
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Same
Site Prices	Same
Absorption	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Up 10%
Dollar Volume - Leases	Up 10%

1989 Review

Improvement in the agricultural industry lifted occupancy rates in the Sioux City market near 97 percent in 1989, a solid three percentage point rise over 1988. The market is dominated by warehousing uses, and the recent strength of retail sales in the metropolitan area threw off demand for distribution facilities. With the inventory of existing space very tight, Sioux City ended the 80s in a very healthy position.

1990 Forecast

Steady upward movement is anticipated for improved properties. This market has never seen much speculative development and this midwestern conservatism will persist in 1990. Transaction volume is expected to rise 10 percent, on top of last year's excellent gains. With land in abundance on the plains, however, site prices will be staying stable over the course of the year.



South Bend, Indiana: Industrial

South Bend, Mishawaka, Elkhart, Goshen, Granger, Osceola and Middleberry

Market Data

Inventory (sf)	Central City	Suburban
Total	10,000,000	37,000,000
Vacant	50,000	185,000
Vacancy Rates	0.5%	0.5%
Under Construction	0	180,000
Net Absorption	50,000	100,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	25.00	25.00
5,000 to 19,999 sf	21.00	21.00
20,000 to 39,999 sf	18.00	18.00
40,000 to 59,999 sf	15.00	15.00
60,000 to 99,999 sf	13.00	13.00
More than 100,000 sf	12.00	12.00
High Tech/R&D	-	-

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	4.00	4.00
5,000 to 19,999 sf	3.00	3.00
20,000 to 39,999 sf	2.50	2.50
40,000 to 59,999 sf	2.50	2.50
60,000 to 99,999 sf	2.00	2.00
More than 100,000 sf	1.75	1.75
High Tech/R&D	-	-

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	0.65	0.65
2 to 5 Acres	0.60	0.60
5 to 10 Acres	0.55	0.55
More than 10 Acres	0.50	0.50
Unimproved Sites		
Less than 10 Acres	0.34	0.34
10 to 100 Acres	0.20	0.20
More than 100 Acres	0.10	0.10

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	25.00
5,000 to 19,999 sf	23.00
20,000 to 39,999 sf	20.00
40,000 to 59,999 sf	18.00
60,000 to 99,999 sf	14.00
More than 100,000 sf	14.00
High Tech/R&D	-

Vacancy Indicators	
Less than 5,000 sf	Balanced Market
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Moderate Shortage
40,000 to 59,999 sf	Moderate Shortage
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Balanced Market
High Tech/R&D	Balanced Market

Composition of Absorption	
Warehouse/Distribution	50%
Manufacturing	50%
High Tech/R&D	0%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Down 5%
Manufacturing	Down 5%
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Down 5%
Manufacturing	Down 10%
High Tech/R&D	Same

Note - Compared to a year ago

Demographics

		Rank
Population:	244,102	92
Population Growth Rate:	0.11%	
Unemployment Rate:	4.50%	
Median Household Income:	$28,460	63
Cost of Living Index:	93.3	66

Outlook

Sales Prices	
Warehouse/Distribution	Down 5%
Manufacturing	Down 10%
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Down 5%
Manufacturing	Down 10%
High Tech/R&D	Same
Site Prices	Same
Absorption	
Warehouse/Distribution	Down 5%
Manufacturing	Down 10%
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Down 5%
Dollar Volume - Leases	Down 5%

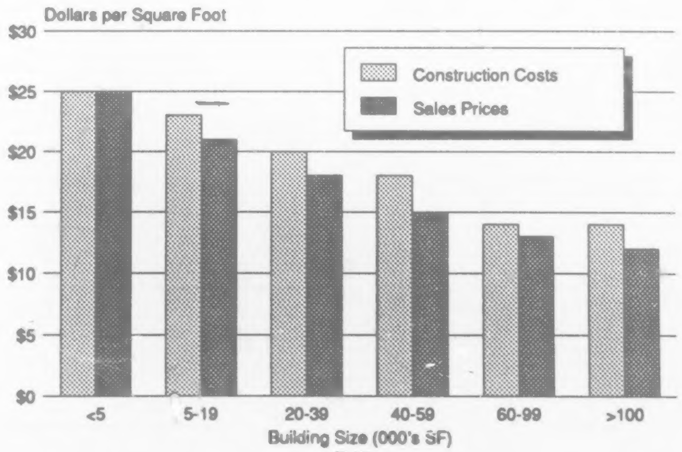
1989 Review

This is a tight market which belies reports of pervasive weakness in the industrial economy of the Midwest. Most size categories are well balanced, and spot shortages of space exist. The area continues to offer excellent locational advantages for warehouse/distribution tenants. Flex space, which had been very popular, has softened and saw negligible absorption in 1990.

1990 Forecast

A $900 million joint venture between Inland Steel and Nippon Steel could be a real catalyst for growth as the plant nears completion in 1990. SIOR's local reporter discounts this effect, however. Most market measures are predicted to soften over the coming year, and general sluggishness in the manufacturing sector is expected to make a national "soft landing" especially bumpy for South Bend.

Construction Costs vs. Sales Prices
South Bend



Spokane, Washington: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	n/a	n/a
Vacant	n/a	n/a
Vacancy Rates	n/a	n/a
Under Construction	n/a	n/a
Net Absorption	n/a	n/a

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	19.50	21.50
5,000 to 19,999 sf	17.00	18.00
20,000 to 39,999 sf	14.50	15.50
40,000 to 59,999 sf	13.25	14.25
60,000 to 99,999 sf	13.25	14.25
More than 100,000 sf	12.00	13.00
High Tech/R&D	n/a	n/a

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	3.00	3.00
5,000 to 19,999 sf	3.00	3.00
20,000 to 39,999 sf	2.64	2.64
40,000 to 59,999 sf	2.16	2.16
60,000 to 99,999 sf	1.92	1.92
More than 100,000 sf	0.15-1.80	1.80
High Tech/R&D	3.00	3.00

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	1.00-2.00	0.75-1.00
2 to 5 Acres	0.75-1.75	0.35-0.75
5 to 10 Acres	0.50-1.50	0.25-0.35
More than 10 Acres	0.50-1.00	0.15-0.30
Unimproved Sites		
Less than 10 Acres	n/a	0.35
10 to 100 Acres	n/a	0.20
More than 100 Acres	n/a	0.11

Demographics

		Rank
Population:	363,065	86
Population Growth Rate:	0.67%	
Unemployment Rate:	n/a	
Median Household Income:	$23,635	92
Cost of Living Index:	92.1	70

Outlook

Sales Prices	
Warehouse/Distribution	Up 6-10%
Manufacturing	Up 1-5%
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Up 6-10%
Manufacturing	Up 6-10%
High Tech/R&D	Same
Site Prices	Up 11-15%
Absorption	
Warehouse/Distribution	Up 11-15%
Manufacturing	n/a
High Tech/R&D	Down 1-5%
Construction	
Warehouse/Distribution	Up 6-10%
Manufacturing	Up 6-10%
High Tech/R&D	Same
Dollar Volume - Sales	Up 5-10%
Dollar Volume - Leases	Up 11-15%

Prime Source of Financing:
Owner Financing

Mortgage Money Supply:
Ample

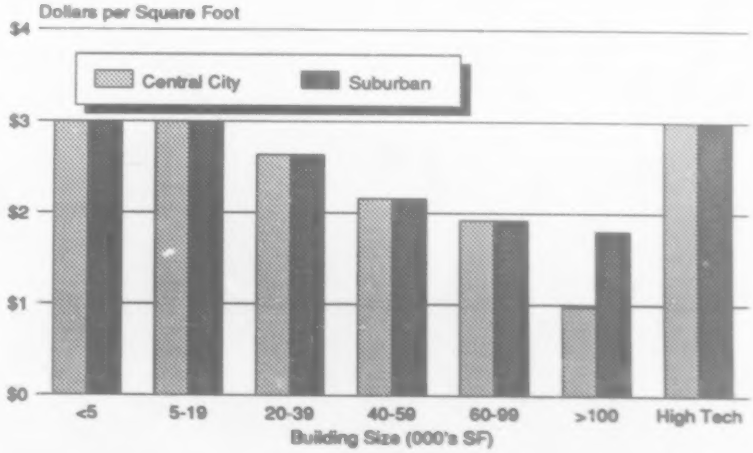
Construction Costs	
Less than 5,000 sf	21.00
5,000 to 19,999 sf	19.00
20,000 to 39,999 sf	-
40,000 to 59,999 sf	16.50
60,000 to 99,999 sf	15.00
More than 100,000 sf	15.00
High Tech/R&D	65.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Shortage
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Balanced Market
High Tech/R&D	Moderate Oversupply

Composition of Absorption	
Warehouse/Distribution	70%
Manufacturing	20%
High Tech/R&D	10%
Rate of Construction	
Warehouse/Distribution	Up 6-10%
Manufacturing	Up 6-10%
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Up 1-5%
Manufacturing	Up 1-5%
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Up 6-10%
Manufacturing	Up 6-10%
High Tech/R&D	Same

Note - Compared to a year ago

Net Lease Prices
Spokane



1989 Review

Spokane's location in eastern Washington on Interstate 90 makes it a distribution city for a large area of the rural northwest and southern Canada. The market has shifted from an oversupplied to a space-short condition during 1989, in the view of SIOR's local specialist. The agriculture and timber businesses have improved, and corporate facilities openings by Boeing, SeaFirst and Guardian Life have given a shot in the arm to the local economy.

1990 Forecast

With the exception of a troubled technology sector, a year of surging growth is anticipated in 1990. Rents, which have been flat for several years, are expected to rise six to 10 percent, spurring new construction. Land prices, which are very modest, could gain as much as 11 to 15 percent. Transaction volumes are also predicted to move sharply upward, as SIOR's reporter sees it.

Springfield, Massachusetts: Industrial

Springfield, Chicopee, Holyoke, Westfield, and West Springfield

Market Data

Inventory (sf)	Central City	Suburban
Total	n/a	n/a
Vacant	n/a	n/a
Vacancy Rates	n/a	n/a
Under Construction	n/a	n/a
Net Absorption	n/a	n/a

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	n/a	35.00-65.00
5,000 to 19,999 sf	n/a	30.00-45.00
20,000 to 39,999 sf	n/a	25.00-40.00
40,000 to 59,999 sf	n/a	20.00-35.00
60,000 to 99,999 sf	n/a	18.00-25.00
More than 100,000 sf	n/a	18.00-25.00
High Tech/R&D	-	-

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	5.00	5.50
5,000 to 19,999 sf	4.50	5.50
20,000 to 39,999 sf	3.50	4.50
40,000 to 59,999 sf	3.50	4.25
60,000 to 99,999 sf	3.25	4.00
More than 100,000 sf	3.00	3.50
High Tech/R&D	n/a	n/a

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	3.50	1.85
2 to 5 Acres	3.50	1.75
5 to 10 Acres	n/a	1.15
More than 10 Acres	n/a	1.15
Unimproved Sites		
Less than 10 Acres	n/a	1.45
10 to 100 Acres	n/a	1.10
More than 100 Acres	n/a	0.75

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	65.00
5,000 to 19,999 sf	38.00-55.00
20,000 to 39,999 sf	30.00
40,000 to 59,999 sf	28.00
60,000 to 99,999 sf	24.00
More than 100,000 sf	22.00
High Tech/R&D	65.00

Vacancy Indicators	
Less than 5,000 sf	Substantial Shortage
5,000 to 19,999 sf	Substantial Shortage
20,000 to 39,999 sf	Moderate Shortage
40,000 to 59,999 sf	Moderate Shortage
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Moderate Shortage
High Tech/R&D	Balanced Market

Composition of Absorption	
Warehouse/Distribution	75%
Manufacturing	25%
High Tech/R&D	0%
Rate of Construction	
Warehouse/Distribution	Up 10%
Manufacturing	Up 10%
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	n/a
Dollar Volume - Leases	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same

Note - Compared to a year ago

1989 Review

Springfield is a venerable manufacturing city in the Connecticut River Valley which now serves the distribution needs of south central Massachusetts and north central Connecticut. It has been less affected than most other New England cities by the recent regional downturn. Demand for warehouse space moved modestly upward in 1989, and supported a $0.25 - $0.50 per sq. ft. gain in net rents. Sales prices also advanced compared to a year ago.

1990 Forecast

In sharp contrast to other markets in the region, Springfield anticipates further improvement in its manufacturing and distribution economy in 1990. The increase will come from the expansion of local firms, rather than relocations from elsewhere in New England. Owner-users will account for most new development. The area's institutional base is expected to insulate it from the cyclical chill now afflicting the boom markets of the 80s.

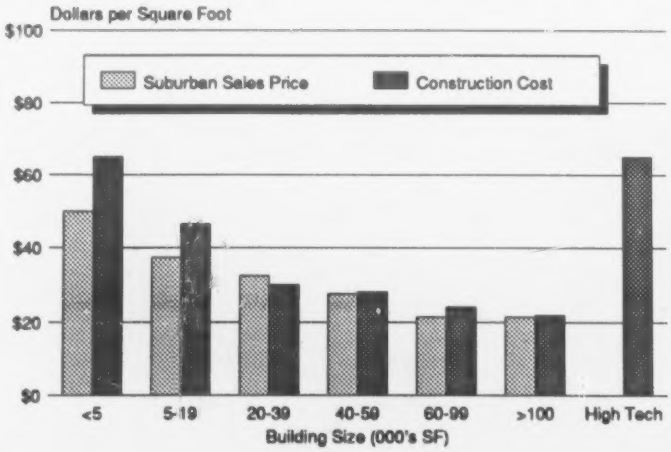
Demographics

		Rank
Population:	517,616	70
Population Growth Rate:	0.05%	
Unemployment Rate:	4.40%	
Median Household Income:	$31,411	36
Cost of Living Index:	119.6	7

Outlook

Sales Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Same
Site Prices	n/a
Absorption	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	n/a
Construction	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Same
Dollar Volume - Sales	Up 5%
Dollar Volume - Leases	Up 5%

Sales Prices vs. Construction Costs
Springfield



St. Louis, Missouri: Industrial

Central City

Market Data

Inventory (sf)	Central City	Suburban
Total	69,000,000	-
Vacant	6,870,000	-
Vacancy Rates	10.0%	-
Under Construction	0	-
Net Absorption	650,000	-

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	n/a	-
5,000 to 19,999 sf	32.50	-
20,000 to 39,999 sf	22.00	-
40,000 to 59,999 sf	n/a	-
60,000 to 99,999 sf	n/a	-
More than 100,000 sf	n/a	-
High Tech/R&D	n/a	-

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	n/a	-
5,000 to 19,999 sf	3.00	-
20,000 to 39,999 sf	2.75	-
40,000 to 59,999 sf	2.75	-
60,000 to 99,999 sf	2.75	-
More than 100,000 sf	2.75	-
High Tech/R&D	7.50	-

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	2.00	-
2 to 5 Acres	1.75	-
5 to 10 Acres	1.25	-
More than 10 Acres	1.00	-
Unimproved Sites		
Less than 10 Acres	1.00	-
10 to 100 Acres	n/a	-
More than 100 Acres	n/a	-

Prime Source of Financing:
Insurance Companies, Commercial Banks

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	45.00
5,000 to 19,999 sf	40.00
20,000 to 39,999 sf	36.00
40,000 to 59,999 sf	31.00
60,000 to 99,999 sf	27.00
More than 100,000 sf	25.00
High Tech/R&D	50.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Oversupply
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Moderate Shortage
High Tech/R&D	Balanced Market

Composition of Absorption	
Warehouse/Distribution	80%
Manufacturing	10%
High Tech/R&D	10%
Rate of Construction	
Warehouse/Distribution	Up 25%
Manufacturing	Up 15%
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Up 20%
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Up 20%
Manufacturing	Same
High Tech/R&D	Same

Note - Compared to a year ago

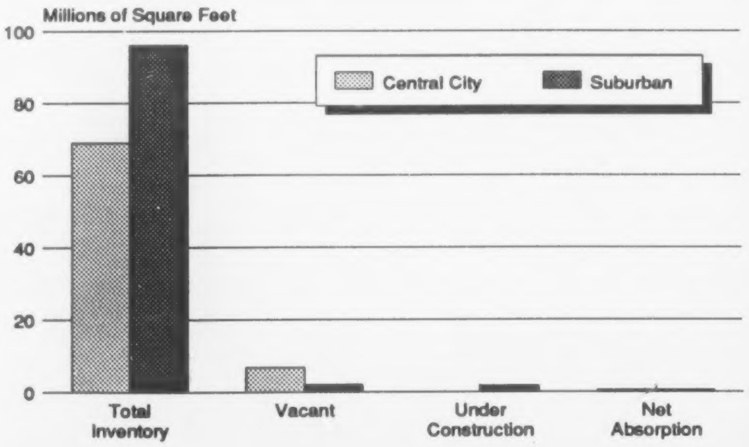
Demographics

		Rank
Population:	2,492,349	12
Population Growth Rate:	0.52%	
Unemployment Rate:	5.20%	
Median Household Income:	$33,089	23
Cost of Living Index:	97.5	49

Outlook

Sales Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Same
High Tech/R&D	Up 5%
Lease Prices	
Warehouse/Distribution	Up 5-10%
Manufacturing	Same
High Tech/R&D	Up 10%
Site Prices	Up 10%
Absorption	
Warehouse/Distribution	Up 10%
Manufacturing	Down 10%
High Tech/R&D	Up 5%
Construction	
Warehouse/Distribution	Up 10%
Manufacturing	Up 5%
High Tech/R&D	Same
Dollar Volume - Sales	Up 10%
Dollar Volume - Leases	Up 15%

Market Inventory
St. Louis

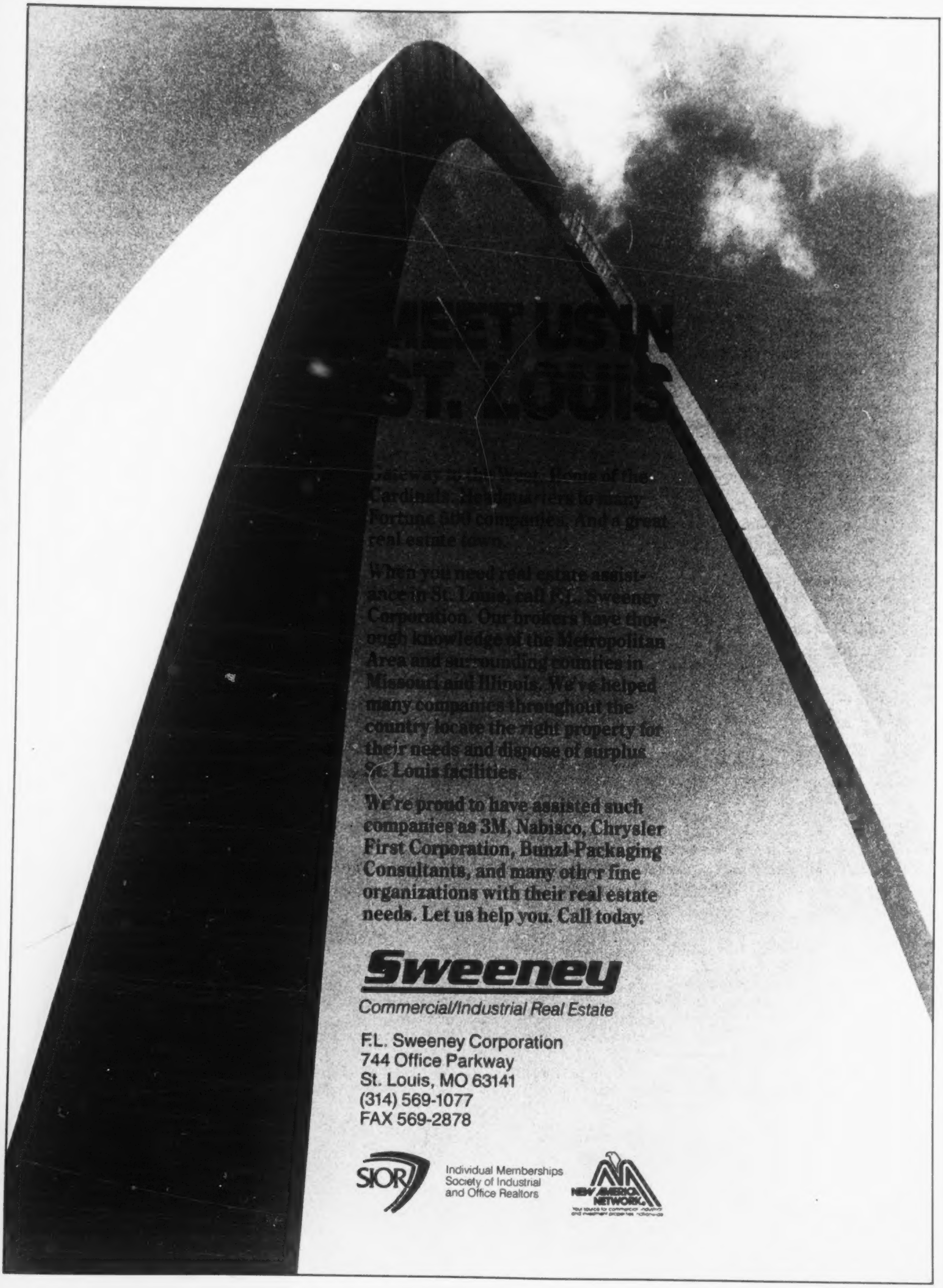


1989 Review

The performance of the urban core industrial market in St. Louis improved between 1988 and 1989. Where a year ago SIOR's *Guide* noted a net decline in occupied space and a vacancy rate of 13.1 percent, this year's statistics are more positive. The urban core more than made up the losses of the prior period, as 1989 absorption measured 650,000 sq. ft.. Vacancies in central St. Louis dropped significantly to 10 percent. Gross lease prices in the city rose in response to the improved performance of the market in virtually all size categories.

1990 Forecast

With no new construction underway in the central area, St. Louis will depend upon the demand side of the equation for its shifts in equilibrium during 1990. There are risks in the heavy industry sector because of St. Louis' concentration in automobiles and in defense-related aerospace. Some balancing of this risk comes from the food-processing sector and firms like Monsanto and Emerson Electric.



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St. Louis, Missouri: Industrial

Suburban

Market Data

Inventory (sf)	Central City	Suburban
Total	-	96,000,000
Vacant	-	2,100,000
Vacancy Rates	-	2.2%
Under Construction	-	1,750,000
Net Absorption	-	600,000

Prime Source of Financing:
Insurance Companies, Commercial Banks

Mortgage Money Supply:
Ample

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	45.00
5,000 to 19,999 sf	-	40.00
20,000 to 39,999 sf	-	33.00
40,000 to 59,999 sf	-	27.00
60,000 to 99,999 sf	-	28.00
More than 100,000 sf	-	28.00
High Tech/R&D	-	50.00

Construction Costs	
Less than 5,000 sf	45.00
5,000 to 19,999 sf	40.00
20,000 to 39,999 sf	36.00
40,000 to 59,999 sf	31.00
60,000 to 99,999 sf	27.00
More than 100,000 sf	25.00
High Tech/R&D	50.00

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	5.25
5,000 to 19,999 sf	-	5.00
20,000 to 39,999 sf	-	4.00
40,000 to 59,999 sf	-	3.75
60,000 to 99,999 sf	-	3.50
More than 100,000 sf	-	3.25
High Tech/R&D	-	7.50

Vacancy Indicators	
Less than 5,000 sf	Moderate Oversupply
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Moderate Shortage
High Tech/R&D	Balanced Market

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	-	2.75
2 to 5 Acres	-	2.50
5 to 10 Acres	-	2.15
More than 10 Acres	-	1.85
Unimproved Sites		
Less than 10 Acres	-	1.50
10 to 100 Acres	-	1.10
More than 100 Acres	-	0.75-1.00

Composition of Absorption	
Warehouse/Distribution	80%
Manufacturing	10%
High Tech/R&D	10%
Rate of Construction	
Warehouse/Distribution	Up 25%
Manufacturing	Up 15%
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Up 20%
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Up 20%
Manufacturing	Same
High Tech/R&D	Same

Note - Compared to a year ago

1989 Review

Bulk warehousing (greater than 40,000 sq. ft. with clear ceiling heights of 18 feet or more) has been the most active market segment, and the largest facilities are now in short supply. This property class is very price-sensitive, and existing facilities are leasing and selling faster than new construction. Sales and lease transaction volume was up a very satisfactory 20 percent in 1989. Service centers, overbuilt in recent years, are moving closer to supply/demand balance. Standard warehouse/office buildings were in equilibrium at year-end.

1990 Forecast

St. Louis enters the 90s in solid shape, in the view of SIOR's survey respondents. Speculative development should carry forward at the same pace as last year, and build-to-suit activity will account for the overall rise in industrial construction. Transaction volumes are forecast at levels 10 to 15 percent above the strong gains of 1989. Some troubling questions concern the manufacturing outlook, particularly the automotive and defense sectors which are important to the St. Louis area. Absorption for production-related facilities is expected to be off 10 percent from a year ago.

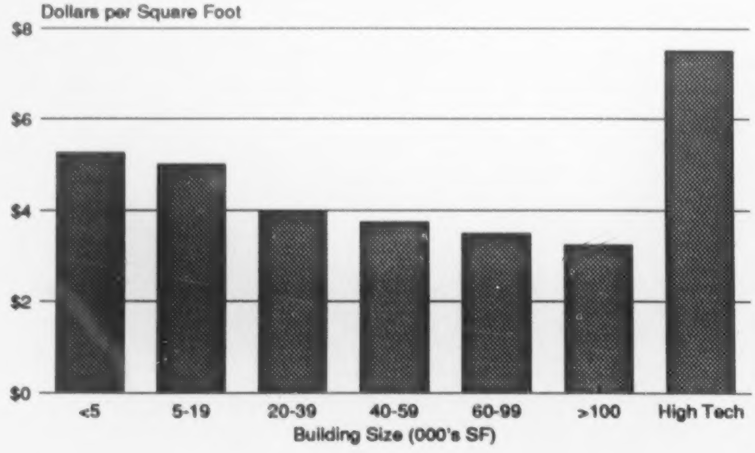
Demographics

		Rank
Population:	2,492,349	12
Population Growth Rate:	0.52%	
Unemployment Rate:	5.20%	
Median Household Income:	$33,089	23
Cost of Living Index:	97.5	49

Outlook

Sales Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Same
High Tech/R&D	Up 5%
Lease Prices	
Warehouse/Distribution	Up 5-10%
Manufacturing	Same
High Tech/R&D	Up 10%
Site Prices	Up 10%
Absorption	
Warehouse/Distribution	Up 10%
Manufacturing	Down 10%
High Tech/R&D	Up 5%
Construction	
Warehouse/Distribution	Up 10%
Manufacturing	Up 5%
High Tech/R&D	Same
Dollar Volume - Sales	Up 10%
Dollar Volume - Leases	Up 15%

Suburban Gross Lease Prices
St. Louis



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Stamford/Norwalk, Connecticut: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	18,850,000	n/a
Vacant	1,300,000	n/a
Vacancy Rates	6.9%	n/a
Under Construction	30,000	n/a
Net Absorption	-80,000	n/a

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	130.00	n/a
5,000 to 19,999 sf	110.00	n/a
20,000 to 39,999 sf	80.00	n/a
40,000 to 59,999 sf	70.00	n/a
60,000 to 99,999 sf	n/a	n/a
More than 100,000 sf	n/a	n/a
High Tech/R&D	130.00	n/a

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	8.50	n/a
5,000 to 19,999 sf	7.00	n/a
20,000 to 39,999 sf	6.00	n/a
40,000 to 59,999 sf	n/a	n/a
60,000 to 99,999 sf	n/a	n/a
More than 100,000 sf	n/a	n/a
High Tech/R&D	12.00	n/a

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	20.00	n/a
2 to 5 Acres	n/a	n/a
5 to 10 Acres	n/a	n/a
More than 10 Acres	n/a	n/a
Unimproved Sites		
Less than 10 Acres	n/a	n/a
10 to 100 Acres	n/a	n/a
More than 100 Acres	n/a	n/a

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Tight

Construction Costs	
Less than 5,000 sf	60.00
5,000 to 19,999 sf	50.00
20,000 to 39,999 sf	45.00
40,000 to 59,999 sf	45.00
60,000 to 99,999 sf	45.00
More than 100,000 sf	45.00
High Tech/R&D	60.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Shortage
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Moderate Oversupply
40,000 to 59,999 sf	Moderate Oversupply
60,000 to 99,999 sf	Substantial Shortage
More than 100,000 sf	Substantial Shortage
High Tech/R&D	Balanced Market

Composition of Absorption	
Warehouse/Distribution	60%
Manufacturing	20%
High Tech/R&D	20%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Down 10%
Manufacturing	Down 20%
High Tech/R&D	Down 10%

Note - Compared to a year ago

Demographics

		Rank
Population:	191,475	95
Population Growth Rate:	-0.42%	
Unemployment Rate:	4.40%	
Median Household Income:	$62,997	1
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Site Prices	Same
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Same
Dollar Volume - Leases	Same

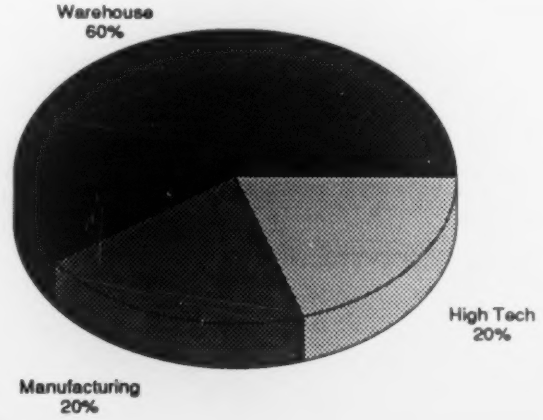
1989 Review

The good news was that the Stamford market area ended 1989 with a vacancy rate under seven percent and a tight market in the majority of space classifications. The bad news was that even such promising statistics can not help in a market experiencing negative net absorption. Lease transaction volume was down 20 percent in 1989. Demand for the purchase of buildings less than 20,000 sq. ft. in area was still strong.

1990 Forecast

SIOR's reporter anticipates conditions will remain steady during 1990, an outlook on the optimistic end of the range of most forecasts. In fact, the year may well turn out to be a leveling off for this market. Vacancies are not so high as to prompt massive discounting, and a lull in the upward movement of prices addresses the market's most telling problem: lack of affordable space. It is unlikely that further speculative construction will enter the market, permitting any demand to further stabilize conditions. The recent Northeast boom economy may have raised expectations of unending growth, but current headlines may overstate the breadth of weakness in the market by contrast.

Composition of Absorption
Stamford



Stockton, California: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	13,500,000	10,600,000
Vacant	1,630,000	1,270,000
Vacancy Rates	12.1%	12.0%
Under Construction	1,462,000	420,000
Net Absorption	1,420,000	133,000

Prime Source of Financing:
Insurance Companies

Mortgage Money Supply:
Ample

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	35.00	35.00
5,000 to 19,999 sf	32.00	32.00
20,000 to 39,999 sf	28.00	28.00
40,000 to 59,999 sf	28.00	28.00
60,000 to 99,999 sf	26.00	26.00
More than 100,000 sf	24.00	24.00
High Tech/R&D	50.00	n/a

Construction Costs	
Less than 5,000 sf	23.00
5,000 to 19,999 sf	21.00
20,000 to 39,999 sf	17.00
40,000 to 59,999 sf	14.50
60,000 to 99,999 sf	13.00
More than 100,000 sf	11.50
High Tech/R&D	25.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	3.60	3.40
5,000 to 19,999 sf	3.00	2.80
20,000 to 39,999 sf	2.88	2.68
40,000 to 59,999 sf	2.88	2.68
60,000 to 99,999 sf	2.76	2.56
More than 100,000 sf	2.64	2.44
High Tech/R&D	7.20	n/a

Vacancy Indicators	
Less than 5,000 sf	Balanced Market
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Moderate Oversupply
60,000 to 99,999 sf	Moderate Oversupply
More than 100,000 sf	Substantial Oversupply
High Tech/R&D	Balanced Market

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	2.50	2.30
2 to 5 Acres	2.00	1.75
5 to 10 Acres	1.80	1.50
More than 10 Acres	1.70	1.20
Unimproved Sites		
Less than 10 Acres	1.50	1.20
10 to 100 Acres	0.75	0.60
More than 100 Acres	0.50	0.50

Composition of Absorption	
Warehouse/Distribution	80%
Manufacturing	20%
High Tech/R&D	0%
Rate of Construction	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Down 5%
Manufacturing	Down 5%
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Down 10%
Manufacturing	Same
High Tech/R&D	Same

Note - Compared to a year ago

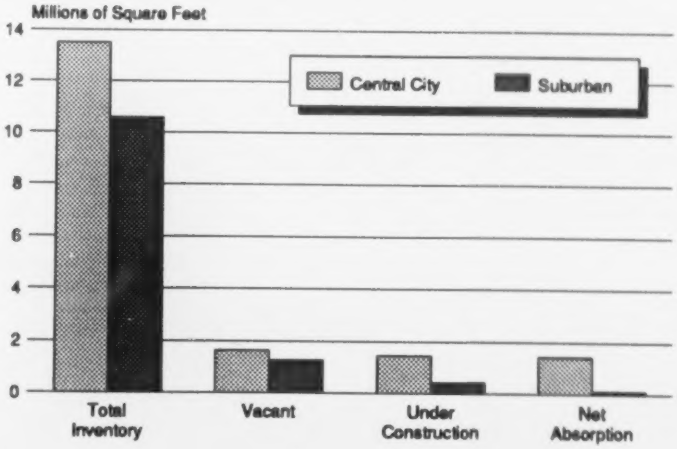
Demographics

		Rank
Population:	469,647	74
Population Growth Rate:	3.41%	
Unemployment Rate:	7.50%	
Median Household Income:	$26,282	77
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Up 5%
Lease Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Up 5%
Site Prices	Up 10%
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Down
Construction	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Same
Dollar Volume - Sales	Same
Dollar Volume - Leases	Down 5%

Market Inventory
Stockton



1989 Review

After three consecutive years of steadily increasing demand, Stockton hit a bump in 1989. A greater amount of speculative construction than the market had ever experienced pushed the critical large warehouse market into a state of oversupply. Lease rates have been flat over the year, and leasing volume measured by the dollar amount of transactions fell 10 percent. Stockton remains an economical and centrally located market for the state, however, and local expectations remain positive.

1990 Forecast

For the most part, 1990 looks like a year for the resumption of growth, as suggested by the outlook responses from SIOR's reporter. The anticipated rise in construction activity is worrisome in the face of the existing 12 percent vacancy rate, but developers seem to be counting on the long-range expansion probabilities for California in the 90s. Excess inventory accumulation, in the short run, would have most unfavorable consequences. Real estate growth, even in California, is cyclical and not to be taken for granted.

Syracuse, New York: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	n/a	n/a
Vacant	n/a	n/a
Vacancy Rates	n/a	n/a
Under Construction	n/a	n/a
Net Absorption	n/a	n/a

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	n/a	20.00-24.00
5,000 to 19,999 sf	n/a	20.00-24.00
20,000 to 39,999 sf	n/a	18.00-22.00
40,000 to 59,999 sf	n/a	18.00-22.00
60,000 to 99,999 sf	n/a	16.00-20.00
More than 100,000 sf	n/a	15.00-20.00
High Tech/R&D	n/a	65.00

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	n/a	5.00
5,000 to 19,999 sf	n/a	5.00
20,000 to 39,999 sf	n/a	4.50
40,000 to 59,999 sf	n/a	4.00
60,000 to 99,999 sf	n/a	3.50
More than 100,000 sf	n/a	3.50
High Tech/R&D	n/a	9.00

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	1.00	0.75
2 to 5 Acres	0.75	0.65
5 to 10 Acres	0.65	0.50
More than 10 Acres	0.65	0.50
Unimproved Sites		
Less than 10 Acres	n/a	0.40
10 to 100 Acres	n/a	0.35
More than 100 Acres	n/a	0.25

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	38.00
5,000 to 19,999 sf	36.00
20,000 to 39,999 sf	32.00
40,000 to 59,999 sf	28.00
60,000 to 99,999 sf	25.00
More than 100,000 sf	18.00
High Tech/R&D	60.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Shortage
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Moderate Shortage
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Moderate Shortage
High Tech/R&D	Moderate Shortage

Composition of Absorption	
Warehouse/Distribution	70%
Manufacturing	10%
High Tech/R&D	20%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Up 10%
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same

Note - Compared to a year ago

Demographics

		Rank
Population:	650,365	56
Population Growth Rate:	0.13%	
Unemployment Rate:	4.30%	
Median Household Income:	$32,356	28
Cost of Living Index:	98.5	42

Outlook

Sales Prices	
Warehouse/Distribution	Up 10%
Manufacturing	Up 10%
High Tech/R&D	Up 10%
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Up 10%
Site Prices	Up 5%
Absorption	
Warehouse/Distribution	Up 10%
Manufacturing	Up 10%
High Tech/R&D	Up 20%
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Up 5%
Dollar Volume - Leases	Up 5%

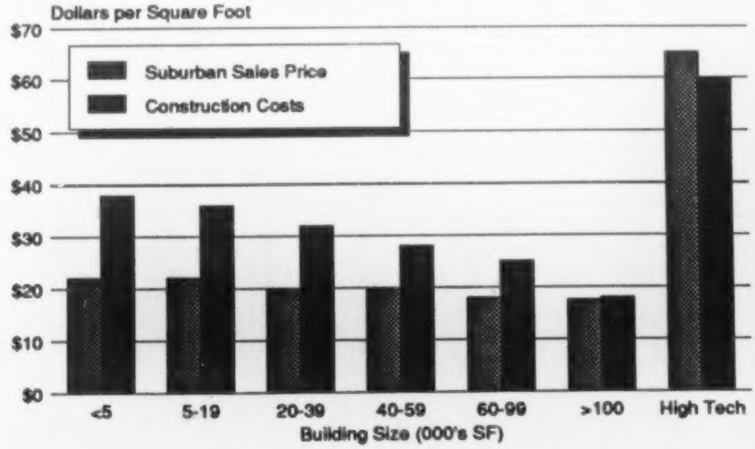
1989 Review

Located in the center of New York State's upper tier at the intersection of I-90 and I-81, Syracuse is well-located for regional distribution functions. In 1989, there was continued steady demand for small and medium industrial space. Larger facilities, especially in the 100,000 sq. ft. and greater category saw more demand than in the recent past. Prices for warehouse/distribution buildings rose during the year, and the dollar volume of sales transactions for this category rose 10 percent.

1990 Forecast

Syracuse should prove one of the brighter spots in the problematic economy of the northeast during 1990. It is not as exposed to the boom/bust cycles as some other markets both upstate and downstate. While some spec space is being constructed, it is at the undersupplied small unit end of the market. No one is yet prepared to tackle a new 100,000 sq. ft. facility unless a tenant is pre-committed. A good blue collar workforce and inexpensive real estate make the Syracuse market optimistic about its prospects this year.

Sales Prices vs. Construction Costs
Syracuse



Tampa Bay, Florida: Industrial

Tampa Bay, Hillsborough, and Pinellas Counties

Market Data

Inventory (sf)	Central City	Suburban
Total	n/a	84,400,000
Vacant	n/a	4,871,178
Vacancy Rates	n/a	5.8%
Under Construction	-	2,164,000
Net Absorption	-	6,673,345

Prime Source of Financing:
Insurance Companies

Mortgage Money Supply:
Ample

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	28.00
5,000 to 19,999 sf	-	26.00
20,000 to 39,999 sf	-	25.00
40,000 to 59,999 sf	-	23.00
60,000 to 99,999 sf	-	20.00
More than 100,000 sf	-	20.00
High Tech/R&D	-	40.00

Construction Costs	
Less than 5,000 sf	25.00
5,000 to 19,999 sf	22.00
20,000 to 39,999 sf	17.00
40,000 to 59,999 sf	17.00
60,000 to 99,999 sf	17.00
More than 100,000 sf	15.00
High Tech/R&D	45.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	3.25
5,000 to 19,999 sf	-	3.25
20,000 to 39,999 sf	-	3.00
40,000 to 59,999 sf	-	2.50
60,000 to 99,999 sf	-	2.50
More than 100,000 sf	-	2.50
High Tech/R&D	-	3.75

Vacancy Indicators	
Less than 5,000 sf	Balanced Market
5,000 to 19,999 sf	Balanced Market
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Moderate Oversupply
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Moderate Shortage
High Tech/R&D	Substantial Oversupply

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	-	2.00-3.00
2 to 5 Acres	-	2.00-3.00
5 to 10 Acres	-	2.25
More than 10 Acres	-	2.00
Unimproved Sites		
Less than 10 Acres	-	1.75
10 to 100 Acres	-	1.25
More than 100 Acres	-	1.25

Composition of Absorption	
Warehouse/Distribution	75%
Manufacturing	15%
High Tech/R&D	10%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Down 25%
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Down 25%
Manufacturing	Down 25%
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Down 25%
Manufacturing	Same
High Tech/R&D	Same

Note - Compared to a year ago

Demographics

		Rank
Population:	2,050,880	18
Population Growth Rate:	2.70%	
Unemployment Rate:	4.90%	
Median Household Income:	$26,260	78
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Up 10%
Manufacturing	Up 10%
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Up 10%
Manufacturing	Up 10%
High Tech/R&D	Same
Site Prices	Up 10%
Absorption	
Warehouse/Distribution	Up 10%
Manufacturing	Up 10%
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Up 10%
Dollar Volume - Leases	Up 20%

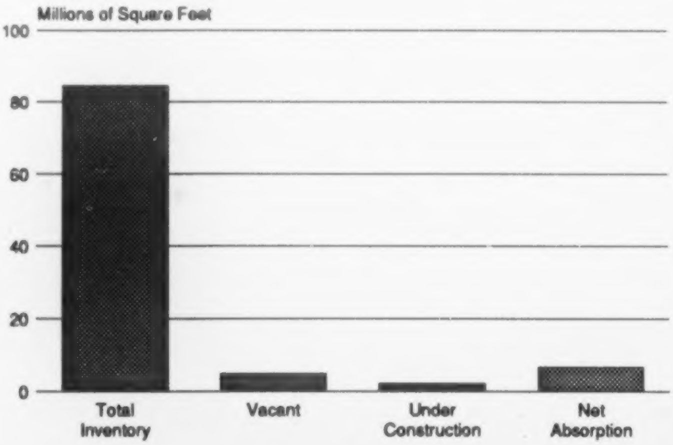
1989 Review

Net absorption ran at a rate three times greater than new construction, and the 84.4 million sq. ft. Tampa market ended the year at a 5.8 percent vacancy rate. Demand actually downshifted a bit in 1989 compared with the prior year, and the composition of absorption became more heavily weighted in favor of distribution during the past year. The dollar volume of transactions, in fact, was down 25 percent for both warehouses and light assembly space. The R&D market, as last year, remains substantially oversupplied.

1990 Forecast

Florida's new Growth Management Law mandates that infrastructure and other mitigating effects be put in place as development is underway. These "concurrency and consistency" requirements are severely limiting new construction, and have caused demand to shift to existing product for both relocation and expansion needs. Speculative building will be rare in 1990. The tightening of the market causes the outlook for most market measures to be up about 10 percent for the coming year.

Suburban Market Inventory
Tampa Bay Area



Terre Haute, Indiana: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	19,025,000	-
Vacant	2,140,000	-
Vacancy Rates	11.2%	-
Under Construction	510,000	-
Net Absorption	n/a	-

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Moderate

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	19.00-32.50	20.00-25.00
5,000 to 19,999 sf	19.00-32.50	25.00-30.00
20,000 to 39,999 sf	20.00-30.00	25.00-30.00
40,000 to 59,999 sf	15.00-25.00	15.00-25.00
60,000 to 99,999 sf	12.50-19.50	12.50-17.50
More than 100,000 sf	-	-
High Tech/R&D	-	-

Construction Costs	
Less than 5,000 sf	40.00
5,000 to 19,999 sf	30.00
20,000 to 39,999 sf	25.00
40,000 to 59,999 sf	20.00-22.50
60,000 to 99,999 sf	20.00-22.50
More than 100,000 sf	18.00-22.00
High Tech/R&D	40.00-45.00

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	5.00-15.00	6.50-7.50
5,000 to 19,999 sf	5.00-6.00	6.50-7.50
20,000 to 39,999 sf	5.00	4.50-5.00
40,000 to 59,999 sf	4.00-5.00	3.50-4.50
60,000 to 99,999 sf	3.00-3.50	3.00-3.50
More than 100,000 sf	2.10-2.50	2.00-2.25
High Tech/R&D	-	-

Vacancy Indicators	
Less than 5,000 sf	Moderate Oversupply
5,000 to 19,999 sf	Moderate Oversupply
20,000 to 39,999 sf	Moderate Oversupply
40,000 to 59,999 sf	Moderate Oversupply
60,000 to 99,999 sf	Moderate Oversupply
More than 100,000 sf	Moderate Oversupply
High Tech/R&D	Moderate Oversupply

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	2.50-3.00	1.70-2.25
2 to 5 Acres	2.00	1.00-1.50
5 to 10 Acres	1.00-1.50	0.75-1.00
More than 10 Acres	0.75-1.00	0.50-0.75
Unimproved Sites		
Less than 10 Acres	0.20-0.50	0.20-0.50
10 to 100 Acres	0.10-0.20	0.05-0.10
More than 100 Acres	0.05-0.10	0.02-0.05

Composition of Absorption	
Warehouse/Distribution	46%
Manufacturing	33%
High Tech/R&D	21%
Rate of Construction	
Warehouse/Distribution	Up 1-5%
Manufacturing	Up 6-10%
High Tech/R&D	Up 6-10%
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same

Note - Compared to a year ago

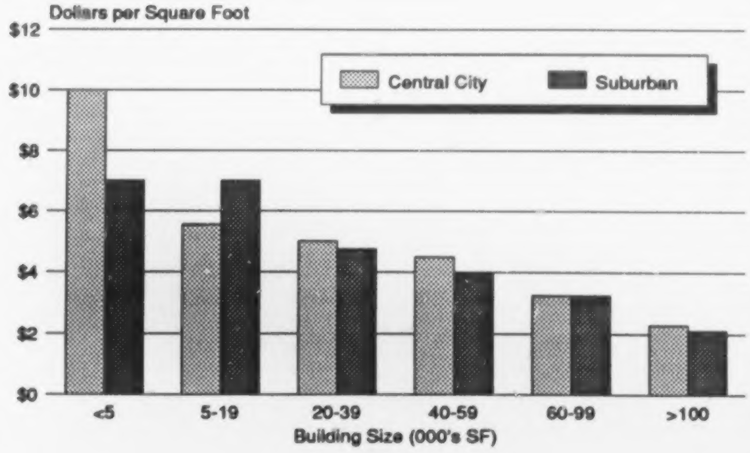
Demographics

		Rank
Population:	131,739	98
Population Growth Rate:	-0.45%	
Unemployment Rate:	4.40%	
Median Household Income:	$23,681	91
Cost of Living Index:	101.6	27

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Down 1-5%
Manufacturing	Down 1-5%
High Tech/R&D	Same
Site Prices	Same
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Same
Dollar Volume - Leases	Same

Gross Lease Prices
Terre Haute



1989 Review

Rust Belt woes were more than just a memory for this medium-sized industry town in 1989. There is a residual oversupply of heavy and medium intensity industrial space hanging over the market. The regional economy has been stable during 1989, but there has been little growth. Terre Haute has neither the modern facilities to expand its chemical industries nor the population base to attract service functions. Small industry represents the one sign of life in the market, but the transactions levels are staying at disappointingly low levels.

1990 Forecast

There will be no speculative development in either the core or the outlying communities for this west-central Indiana market. Industrial realty firms are shifting into property management. Little change in the desultory outlook is anticipated by the respondent to SIOR's survey of market conditions.

Toledo, Ohio: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	19,200,000	48,000,000
Vacant	2,500,000	3,800,000
Vacancy Rates	13.0%	7.9%
Under Construction	0	300,000
Net Absorption	0	100,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	n/a	25.00-30.00
5,000 to 19,999 sf	n/a	20.00-28.00
20,000 to 39,999 sf	n/a	18.00-24.00
40,000 to 59,999 sf	n/a	18.00-24.00
60,000 to 99,999 sf	n/a	15.00-20.00
More than 100,000 sf	n/a	15.00-20.00
High Tech/R&D	n/a	n/a

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	n/a	3.25-5.00
5,000 to 19,999 sf	n/a	2.75-4.00
20,000 to 39,999 sf	n/a	2.50-3.50
40,000 to 59,999 sf	n/a	2.50-3.50
60,000 to 99,999 sf	n/a	2.00-3.00
More than 100,000 sf	n/a	2.00-3.00
High Tech/R&D	n/a	7.50-8.50

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	n/a	0.80-1.75
2 to 5 Acres	n/a	0.50-1.50
5 to 10 Acres	n/a	0.40-1.00
More than 10 Acres	n/a	0.30-0.75
Unimproved Sites		
Less than 10 Acres	n/a	n/a
10 to 100 Acres	n/a	n/a
More than 100 Acres	n/a	n/a

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Tight

Construction Costs	
Less than 5,000 sf	28.00-35.00
5,000 to 19,939 sf	26.00-32.00
20,000 to 39,999 sf	22.00-27.00
40,000 to 59,999 sf	18.00-24.00
60,000 to 99,999 sf	17.00-22.00
More than 100,000 sf	15.00-20.00
High Tech/R&D	45.00-50.00

Vacancy Indicators	
Less than 5,000 sf	Substantial Shortage
5,000 to 19,999 sf	Substantial Shortage
20,000 to 39,999 sf	Substantial Shortage
40,000 to 59,999 sf	Substantial Shortage
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Moderate Oversupply
High Tech/R&D	Balanced Market

Composition of Absorption	
Warehouse/Distribution	60%
Manufacturing	35%
High Tech/R&D	5%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Up 10%

Note - Compared to a year ago

Demographics

		Rank
Population:	614,695	62
Population Growth Rate:	-0.04%	
Unemployment Rate:	5.60%	
Median Household Income:	$28,709	61
Cost of Living Index:	103.1	20

Outlook

Sales Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Site Prices	Same
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Up 5%
Dollar Volume - Sales	Up 5%
Dollar Volume - Leases	Same

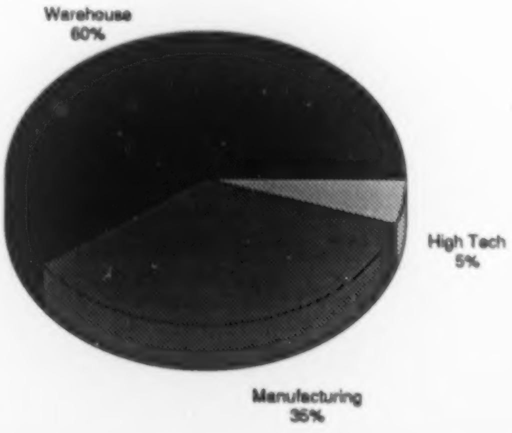
1989 Review

Leasing activity was only perfunctory in 1989, with net absorption at 100,000 sq. ft. and vacancy rates rising marginally in both the central city and the suburban submarkets. Demand for investment in good industrial properties has been strong, though, and there is a real shortage of buildings for sale in the 100,000 sq. ft and under categories. Toledo is still very much tied to the auto industry, and its demand cycles take their lead from the needs of Detroit.

1990 Forecast

With the expectation that carmakers will be flat in 1990, Toledo anticipates more of the same for its industrial market. If current plans proceed, though, there will be a jump in speculative construction in the coming year. This greater activity is caused by new industry entering the market, meeting the changing needs of the local auto plants, and the expansion of several smaller start-up businesses.

Composition of Absorption
Toledo



Tucson, Arizona: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	4,930,000	21,070,000
Vacant	680,000	3,500,000
Vacancy Rates	13.8%	16.6%
Under Construction	6,000	545,000
Net Absorption	290,000	410,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	25.00-30.00	35.00-45.00
5,000 to 19,999 sf	25.00-30.00	35.00-40.00
20,000 to 39,999 sf	20.00-25.00	25.00-35.00
40,000 to 59,999 sf	18.00-20.00	30.00-35.00
60,000 to 99,999 sf	18.00-20.00	25.00-30.00
More than 100,000 sf	n/a	25.00-30.00
High Tech/R&D	n/a	40.00-45.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	3.00	3.96
5,000 to 19,999 sf	2.76	3.72
20,000 to 39,999 sf	2.40	3.60
40,000 to 59,999 sf	2.40	3.36
60,000 to 99,999 sf	2.16	3.12
More than 100,000 sf	n/a	3.00
High Tech/R&D	n/a	4.80

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	2.50	2.00
2 to 5 Acres	2.25	1.80
5 to 10 Acres	2.25	1.80
More than 10 Acres	n/a	1.25
Unimproved Sites		
Less than 10 Acres	n/a	1.00
10 to 100 Acres	n/a	0.60
More than 100 Acres	n/a	0.25

Prime Source of Financing:
Commercial Banks, Owner Financing

Mortgage Money Supply:
Not Available

Construction Costs	
Less than 5,000 sf	18.50
5,000 to 19,999 sf	18.00
20,000 to 39,999 sf	17.50
40,000 to 59,999 sf	16.50
60,000 to 99,999 sf	15.00
More than 100,000 sf	13.50
High Tech/R&D	n/a

Vacancy Indicators	
Less than 5,000 sf	Substantial Oversupply
5,000 to 19,999 sf	Substantial Oversupply
20,000 to 39,999 sf	Moderate Oversupply
40,000 to 59,999 sf	Moderate Oversupply
60,000 to 99,999 sf	Moderate Oversupply
More than 100,000 sf	Moderate Oversupply
High Tech/R&D	Moderate Oversupply

Composition of Absorption	
Warehouse/Distribution	n/a
Manufacturing	n/a
High Tech/R&D	n/a
Rate of Construction	
Warehouse/Distribution	Down
Manufacturing	Down
High Tech/R&D	Down
Dollar Volume - Sales	
Warehouse/Distribution	Up
Manufacturing	Up
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Up
Manufacturing	Up
High Tech/R&D	Same

Note - Compared to a year ago

Demographics

		Rank
Population:	642,018	58
Population Growth Rate:	2.12%	
Unemployment Rate:	5.30%	
Median Household Income:	$26,810	76
Cost of Living Index:	99.7	37

Outlook

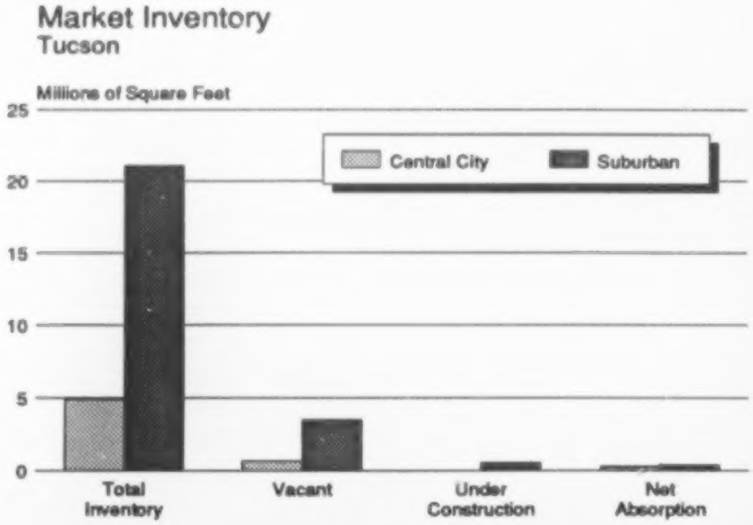
Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Up
Manufacturing	Up
High Tech/R&D	Up
Site Prices	Down
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Up
Dollar Volume - Leases	Same

1989 Review

Arizona's economy is edging upward, but results are far humbler than the growth projections common at mid-decade had anticipated as the state's due - even in bad times. The industrial market faced a tremendous level of oversupply, with an area-wide occupancy rate of only 83 percent. Rents were at 50 to 60 percent of previously attainable levels. The S&L crisis struck particularly hard here, and financing was not available unless the facility was owner-occupied or preleased long-term to a strong credit tenant.

1990 Forecast

Virtually no speculative space will be built, in the face of the large existing oversupply and the uneconomic rent structure available in the market. The economy actually is trending slowly upward, and because (like Houston) it ended its construction cycle earlier than other Southwest cities, it may actually be closer to recovery than some other sunbelt markets. Low land and building costs remain an attraction, but can only be exploited when growth accelerates more than is expected in 1990.



Tulsa, Oklahoma: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	n/a	50,000,000
Vacant	n/a	5,500,000
Vacancy Rates	n/a	11.0%
Under Construction	n/a	200,000
Net Absorption	n/a	1,000,000

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	n/a	15.00-22.00
5,000 to 19,999 sf	n/a	12.00-20.00
20,000 to 39,999 sf	n/a	12.00-20.00
40,000 to 59,999 sf	n/a	12.00-20.00
60,000 to 99,999 sf	n/a	12.00-20.00
More than 100,000 sf	n/a	12.00-20.00
High Tech/R&D	n/a	20.00-30.00

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	n/a	3.00-3.50
5,000 to 19,999 sf	n/a	2.50-3.00
20,000 to 39,999 sf	n/a	2.50-3.00
40,000 to 59,999 sf	n/a	2.00-2.50
60,000 to 99,999 sf	n/a	2.25-2.75
More than 100,000 sf	n/a	2.50-2.75
High Tech/R&D	n/a	4.00-6.00

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	n/a	1.50-3.00
2 to 5 Acres	n/a	1.50-2.50
5 to 10 Acres	n/a	1.50-2.50
More than 10 Acres	n/a	1.00-1.75
Unimproved Sites		
Less than 10 Acres	n/a	0.30-0.50
10 to 100 Acres	n/a	0.20-0.50
More than 100 Acres	n/a	0.10-0.40

Demographics

		Rank
Population:	730,938	53
Population Growth Rate:	1.19%	
Unemployment Rate:	5.40%	
Median Household Income:	$27,614	66
Cost of Living Index:	92.1	69

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Up 10-20%
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Up 10%
Manufacturing	Up 20%
High Tech/R&D	Same
Site Prices	Same
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Up 20%
Manufacturing	Up 20%
High Tech/R&D	Same
Dollar Volume - Sales	Same
Dollar Volume - Leases	Same

Prime Source of Financing:
Commercial Banks, State Assisted Programs

Mortgage Money Supply:
Moderate

Construction Costs	
Less than 5,000 sf	25.00
5,000 to 19,999 sf	23.00
20,000 to 39,999 sf	22.00
40,000 to 59,999 sf	18.00
60,000 to 99,999 sf	15.00
More than 100,000 sf	14.00
High Tech/R&D	45.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Oversupply
5,000 to 19,999 sf	Moderate Oversupply
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Balanced Market
High Tech/R&D	Moderate Oversupply

Composition of Absorption	
Warehouse/Distribution	50%
Manufacturing	50%
High Tech/R&D	0%
Rate of Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Down 30%
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Up 20%
Manufacturing	Same
High Tech/R&D	Same

Note - Compared to a year ago

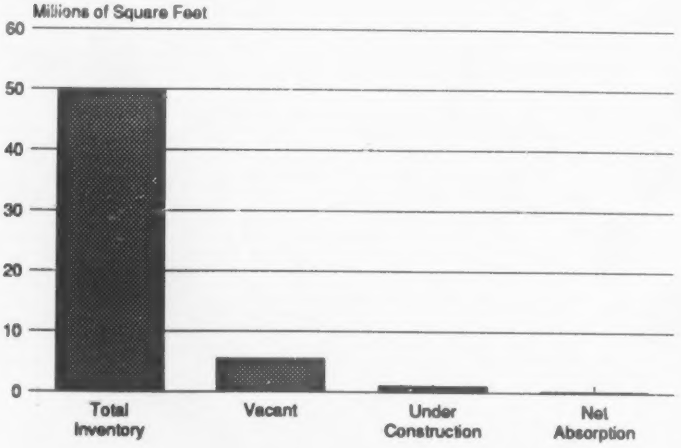
1989 Review

Prospects are brightening in the Sooner state. Demand for manufacturing space and bulk warehouses picked up, and many size categories are now nicely in balance. Special manufacturing needs, for facilities with cranes, air conditioning or high power requirements, were actually in short supply in this market. With vacancy rates standing at 11 percent in 1989, the market was not quite all the way back, but the recent ratio of absorption to new construction suggests that supply/demand conditions could tighten quickly.

1990 Forecast

The Tulsa economy will improve modestly in 1990. Construction schedules will still be conservative, as there is still a gap between the price of existing inventory and the cost to produce new space. The gap is now modest for warehouses, but amounts to 50 to 60 percent of cost for manufacturing space. The gap will likely narrow in 1990, though, as sales prices and rental rates for production space are expected to rise as much as 20 percent from last year's level. Look for the benefits of diversification to emerge soon in the Tulsa industrial economy.

Suburban Market Inventory
Tulsa



Washington D.C.: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	-	n/a
Vacant	-	n/a
Vacancy Rates	-	n/a
Under Construction	-	n/a
Net Absorption	-	n/a

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	80.00
5,000 to 19,999 sf	-	70.00-80.00
20,000 to 39,999 sf	-	60.00
40,000 to 59,999 sf	-	45.00
60,000 to 99,999 sf	-	40.00-45.00
More than 100,000 sf	-	40.00
High Tech/R&D	-	80.00-85.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	-	7.00
5,000 to 19,999 sf	-	6.50
20,000 to 39,999 sf	-	5.75-6.25
40,000 to 59,999 sf	-	5.00
60,000 to 99,999 sf	-	4.75
More than 100,000 sf	-	4.50
High Tech/R&D	-	7.00-8.00

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	-	7.00-8.00
2 to 5 Acres	-	5.50-6.50
5 to 10 Acres	-	5.00
More than 10 Acres	-	5.00
Unimproved Sites		
Less than 10 Acres	-	4.50
10 to 100 Acres	-	3.50
More than 100 Acres	-	n/a

Prime Source of Financing:
Insurance Companies

Mortgage Money Supply:
Moderate

Construction Costs	
Less than 5,000 sf	45.00
5,000 to 19,999 sf	37.50
20,000 to 39,999 sf	32.00
40,000 to 59,999 sf	30.00
60,000 to 99,999 sf	25.00
More than 100,000 sf	25.00
High Tech/R&D	50.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Oversupply
5,000 to 19,999 sf	Moderate Oversupply
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Balanced Market
High Tech/R&D	Moderate Oversupply

Composition of Absorption	
Warehouse/Distribution	40%
Manufacturing	0%
High Tech/R&D	60%
Rate of Construction	
Warehouse/Distribution	Down 25%
Manufacturing	n/a
High Tech/R&D	Down 20%
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	n/a
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Same
Manufacturing	n/a
High Tech/R&D	Same

Note - Compared to a year ago

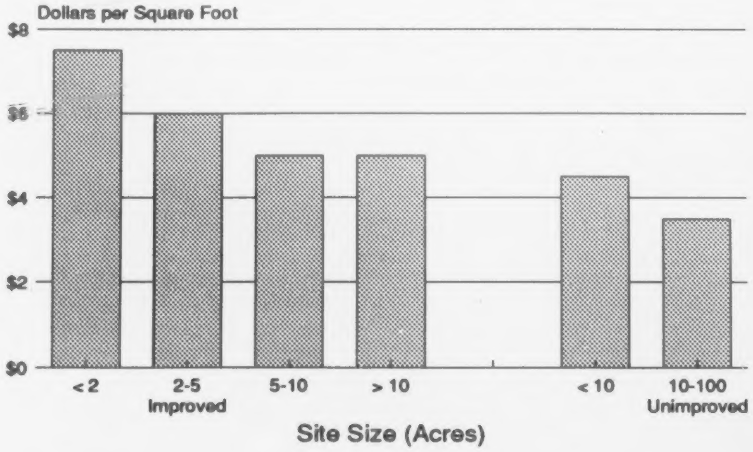
Demographics

		Rank
Population:	3,774,154	7
Population Growth Rate:	1.67%	
Unemployment Rate:	2.80%	
Median Household Income:	$45,837	3
Cost of Living Index:	128.4	4

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	n/a
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Down 10%
Manufacturing	n/a
High Tech/R&D	Down 10%
Site Prices	Same
Absorption	
Warehouse/Distribution	Down 25%
Manufacturing	n/a
High Tech/R&D	Down 30%
Construction	
Warehouse/Distribution	Down 30%
Manufacturing	n/a
High Tech/R&D	Down 30%
Dollar Volume - Sales	Down 10%
Dollar Volume - Leases	Down 10%

Suburban Site Prices
Washington, D.C.



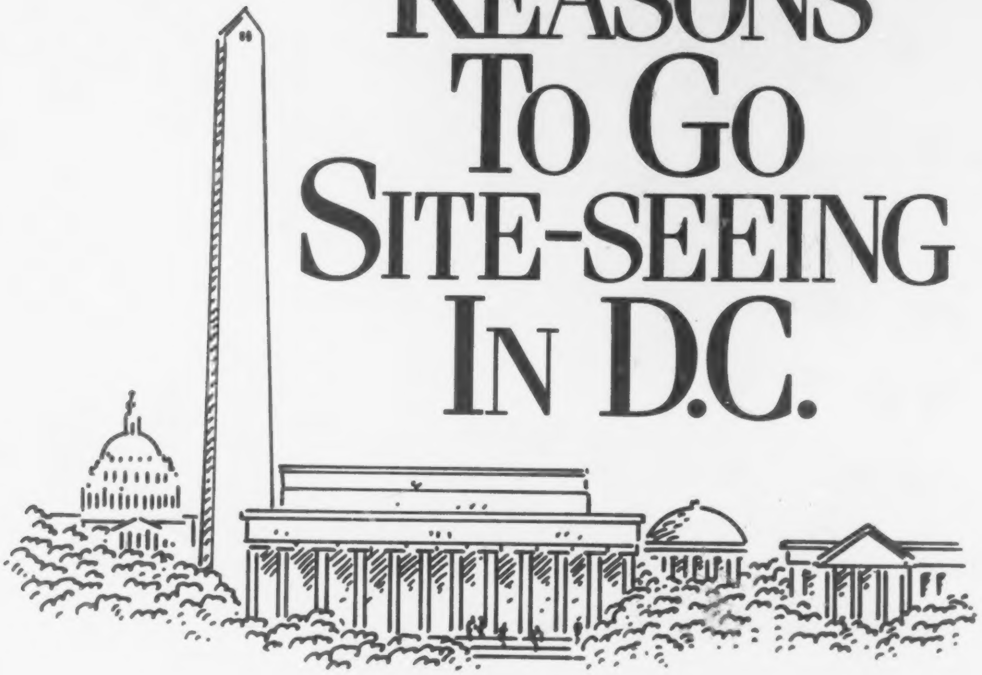
1989 Review

After enjoying a boom economy earlier in the 80s, the end years of the decade were more fizzle than sizzle in the Capital region. Leasing demand slowed, construction was down, and transaction activity was flat last year. Part of the reason is attributable to the Washington area's concentration in R&D facilities that were affected by both the technology slowdown and cuts in Federal spending. High land costs in both the Maryland and Virginia suburbs added to cost pressures in warehousing. Investor interest was still strong, but the fundamentals meanwhile were weak.

1990 Forecast

Little new development activity should be expected, and that would be at the very periphery of the region: around Dulles Airport in Loudon County, VA and Prince Georges County, MD where land prices are comparatively lower. Expectations for 1990 are not optimistic, with a 10 percent decline in rents and a 25 to 30 percent reduction in absorption forecast by SIOR's Washington survey respondents.

SIX REASONS TO GO SITE-SEEING IN D.C.



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West Palm Beach, Florida: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	12,896,393	3,479,979
Vacant	1,200,314	345,685
Vacancy Rates	9.3%	9.9%
Under Construction	419,570	460,032
Net Absorption	580,835	136,245

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	45.50	42.00
5,000 to 19,999 sf	40.00	38.00
20,000 to 39,999 sf	32.00	32.00
40,000 to 59,999 sf	28.00	28.00
60,000 to 99,999 sf	n/a	28.00
More than 100,000 sf	n/a	n/a
High Tech/R&D	41.00	39.00

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	6.00	5.75
5,000 to 19,999 sf	5.10	5.10
20,000 to 39,999 sf	4.25	4.25
40,000 to 59,999 sf	3.55	3.55
60,000 to 99,999 sf	3.20	3.20
More than 100,000 sf	n/a	n/a
High Tech/R&D	7.00	n/a

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	5.10	4.75
2 to 5 Acres	4.90	4.60
5 to 10 Acres	4.55	4.15
More than 10 Acres	4.20	3.95
Unimproved Sites		
Less than 10 Acres	3.30	3.10
10 to 100 Acres	2.98	2.25
More than 100 Acres	n/a	1.75

Demographics

		Rank
Population:	841,737	50
Population Growth Rate:	4.29%	
Unemployment Rate:	6.50%	
Median Household Income:	$32,570	25
Cost of Living Index:	n/a	n/a

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Down 15%
Lease Prices	
Warehouse/Distribution	Up 3%
Manufacturing	Up 3%
High Tech/R&D	Down 10%
Site Prices	Up 8%
Absorption	
Warehouse/Distribution	Up 5%
Manufacturing	Same
High Tech/R&D	Up 5%
Construction	
Warehouse/Distribution	Down 15%
Manufacturing	Down 15%
High Tech/R&D	Down 15%
Dollar Volume - Sales	Up 8%
Dollar Volume - Leases	Up 4%

Prime Source of Financing:
Commercial Banks

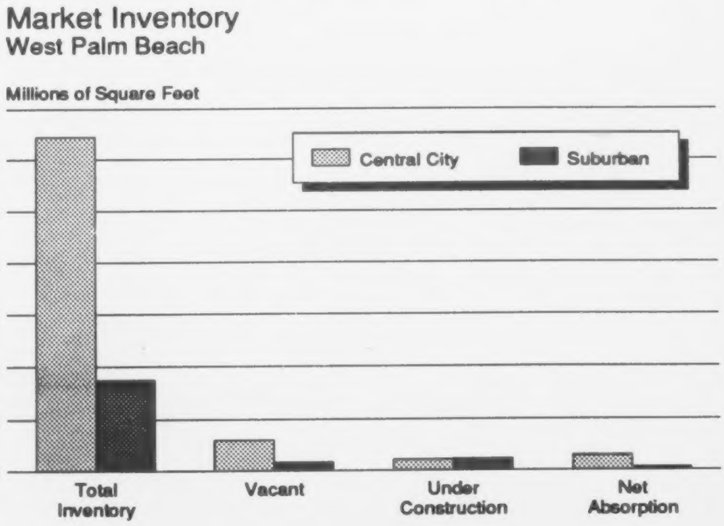
Mortgage Money Supply:
Moderate

Construction Costs	
Less than 5,000 sf	29.25
5,000 to 19,999 sf	25.75
20,000 to 39,999 sf	20.75
40,000 to 59,999 sf	18.25
60,000 to 99,999 sf	n/a
More than 100,000 sf	n/a
High Tech/R&D	n/a

Vacancy Indicators	
Less than 5,000 sf	Moderate Oversupply
5,000 to 19,999 sf	Moderate Oversupply
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Moderate Shortage
60,000 to 99,999 sf	Moderate Shortage
More than 100,000 sf	Moderate Shortage
High Tech/R&D	Moderate Oversupply

Composition of Absorption	
Warehouse/Distribution	n/a
Manufacturing	n/a
High Tech/R&D	n/a
Rate of Construction	
Warehouse/Distribution	Up 6.5%
Manufacturing	Same
High Tech/R&D	Down 40%
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Up 14%
Manufacturing	Same
High Tech/R&D	Down 40%

Note - Compared to a year ago



1989 Review

Distribution and production facilities in Palm Beach County enjoyed encouraging statistics in 1989. Occupancy rates in the industrial market were over the 90 percent mark, and space was especially tight for larger facilities (over 40,000 sq. ft. in area). The high-tech end of the market was in worse shape, with construction down 40 percent in the face of oversupplied conditions. Absorption and new development were relatively well balanced, and the market saw steady demand from firms moving into the region.

1990 Forecast

As is the case elsewhere in Florida, the Growth Management Act's stringent development mitigation provisions will act as a brake on construction in the West Palm Beach market. This will serve to put upward pressure on prices during 1990. Both sales and leasing transaction volumes are expected to trend upward this year. Some demand for high-tech incubator space has emerged in Boca Raton, and Palm Beach County retains an enviable pool of skilled engineers in its workforce.

Wichita, Kansas: Industrial

Market Data

Inventory (sf)	Central City	Suburban
Total	825,000	4,655,000
Vacant	350,000	1,200,000
Vacancy Rates	42.4%	25.8%
Under Construction	0	17,500
Net Absorption	n/a	n/a

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	20.00-24.00	20.00-24.00
5,000 to 19,999 sf	20.00-24.00	20.00-24.00
20,000 to 39,999 sf	20.00-24.00	20.00-24.00
40,000 to 59,999 sf	20.00-24.00	20.00-24.00
60,000 to 99,999 sf	20.00-24.00	20.00-24.00
More than 100,000 sf	20.00-24.00	20.00-24.00
High Tech/R&D	20.00-24.00	20.00-24.00

Gross Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	3.60	3.35
5,000 to 19,999 sf	4.20	3.60
20,000 to 39,999 sf	3.00	2.75
40,000 to 59,999 sf	2.40	2.25
60,000 to 99,999 sf	2.40	2.25
More than 100,000 sf	2.40	2.25
High Tech/R&D	n/a	n/a

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	3.00	1.00
2 to 5 Acres	2.00	0.50
5 to 10 Acres	1.00	0.35
More than 10 Acres	0.46	0.23
Unimproved Sites		
Less than 10 Acres	0.46	0.23
10 to 100 Acres	0.23	0.09
More than 100 Acres	n/a	0.02

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Moderate

Construction Costs	
Less than 5,000 sf	20.00-30.00
5,000 to 19,999 sf	20.00-30.00
20,000 to 39,999 sf	20.00-30.00
40,000 to 59,999 sf	20.00-30.00
60,000 to 99,999 sf	20.00-30.00
More than 100,000 sf	20.00-30.00
High Tech/R&D	20.00-30.00

Vacancy Indicators	
Less than 5,000 sf	Moderate Shortage
5,000 to 19,999 sf	Moderate Shortage
20,000 to 39,999 sf	Balanced Market
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Balanced Market
High Tech/R&D	

Composition of Absorption	
Warehouse/Distribution	n/a
Manufacturing	n/a
High Tech/R&D	n/a
Rate of Construction	
Warehouse/Distribution	Up 5%
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Up 10%
Manufacturing	Up 5%
High Tech/R&D	Same

Note - Compared to a year ago

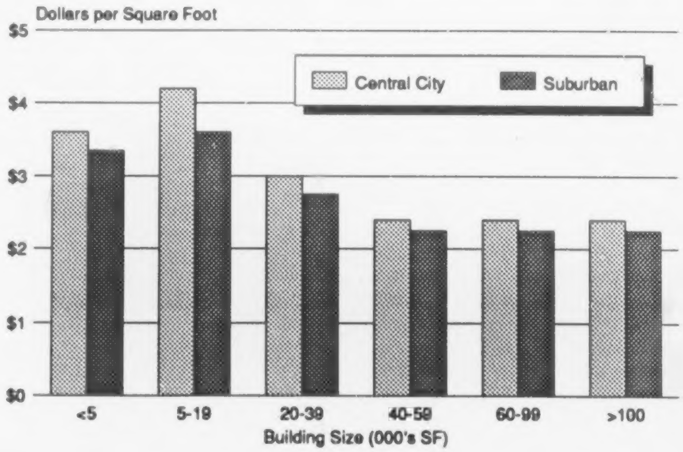
Demographics

		Rank
Population:	484,432	73
Population Growth Rate:	1.03%	
Unemployment Rate:	4.40%	
Median Household Income:	$30,455	40
Cost of Living Index:	97.3	51

Outlook

Sales Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Site Prices	Same
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Same
Dollar Volume - Leases	Same

Gross Lease Prices
Wichita



1989 Review

Wichita serves the farm communities of south central Kansas as a trade and distribution center. It is also one of the major aircraft manufacturing locations in the United States, with Learjet, Cessna, Beech, and Boeing all important local employers. The market is reported to be in balanced condition, with spot shortages in smaller units and a general shortage of large volume bulk warehouse space. The dollar volume of lease transactions was up five to 10 percent in 1989.

1990 Forecast

The Wichita economy enters 1990 on a mild upswing. Expansions, move-up activity and relocations into the market will account for a firming of the vacancy rate. Reclassification and reappraisal of the property tax rolls may hinder the performance of the market during the first half of the year, but this uncertainty effect is expected to be temporary. Near-term prospects for the market generally are at least stable, and the longer range outlook is very good.

Wilmington, Delaware: Industrial

Wilmington including New Castle County

Market Data

Inventory (sf)	Central City	Suburban
Total	n/a	10,000,000
Vacant	n/a	1,300,000
Vacancy Rates	n/a	13.0%
Under Construction	n/a	150,000
Net Absorption	n/a	n/a

Sales Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	n/a	50.00-80.00
5,000 to 19,999 sf	n/a	45.00-65.00
20,000 to 39,999 sf	n/a	40.00-50.00
40,000 to 59,999 sf	n/a	35.00-45.00
60,000 to 99,999 sf	n/a	30.00-40.00
More than 100,000 sf	n/a	30.00-40.00
High Tech/R&D	n/a	50.00-80.00

Net Lease Prices ($/sf)	Central City	Suburban
Less than 5,000 sf	n/a	3.75-4.75
5,000 to 19,999 sf	n/a	3.75-4.25
20,000 to 39,999 sf	n/a	3.75-4.25
40,000 to 59,999 sf	n/a	3.65-4.00
60,000 to 99,999 sf	n/a	3.65-4.00
More than 100,000 sf	n/a	3.25-3.50
High Tech/R&D	n/a	5.00-8.00

Site Prices ($/sf)	Central City	Suburban
Improved Sites		
Less than 2 Acres	n/a	2.00-2.25
2 to 5 Acres	n/a	2.00-2.25
5 to 10 Acres	n/a	2.00-2.25
More than 10 Acres	n/a	1.40-2.00
Unimproved Sites		
Less than 10 Acres	n/a	1.25-1.50
10 to 100 Acres	n/a	1.00-1.25
More than 100 Acres	n/a	0.80-1.00

Prime Source of Financing:
Commercial Banks

Mortgage Money Supply:
Ample

Construction Costs	
Less than 5,000 sf	n/a
5,000 to 19,999 sf	n/a
20,000 to 39,999 sf	n/a
40,000 to 59,999 sf	n/a
60,000 to 99,999 sf	n/a
More than 100,000 sf	n/a
High Tech/R&D	n/a

Vacancy Indicators	
Less than 5,000 sf	Balanced Market
5,000 to 19,999 sf	Moderate Oversupply
20,000 to 39,999 sf	Moderate Oversupply
40,000 to 59,999 sf	Balanced Market
60,000 to 99,999 sf	Balanced Market
More than 100,000 sf	Balanced Market
High Tech/R&D	

Composition of Absorption	
Warehouse/Distribution	70%
Manufacturing	20%
High Tech/R&D	10%
Rate of Construction	
Warehouse/Distribution	Down 5-10%
Manufacturing	Down 5-10%
High Tech/R&D	Down 5-10%
Dollar Volume - Sales	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Leases	
Warehouse/Distribution	Down 5%
Manufacturing	Down 5%
High Tech/R&D	Same

Note - Compared to a year ago

Demographics

		Rank
Population:	576,551	66
Population Growth Rate:	1.08%	
Unemployment Rate:	3.70%	
Median Household Income:	$35,238	13
Cost of Living Index:	117.7	8

Outlook

Sales Prices	
Warehouse/Distribution	Up 5%
Manufacturing	Up 5%
High Tech/R&D	Up 5%
Lease Prices	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Site Prices	Up 5%
Absorption	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Construction	
Warehouse/Distribution	Same
Manufacturing	Same
High Tech/R&D	Same
Dollar Volume - Sales	Same
Dollar Volume - Leases	Same

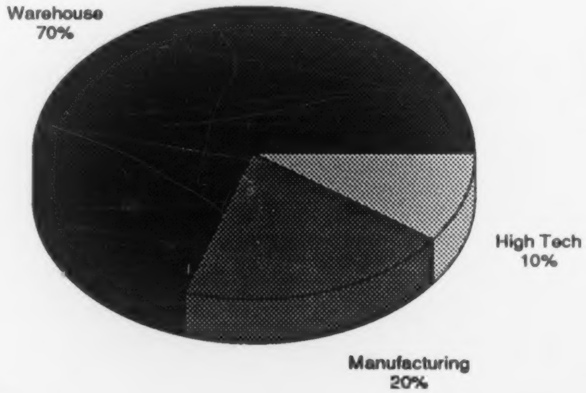
1989 Review

Both the local and the regional economies affecting the Delaware industrial market are reported to be excellent. Demand for industrial space moderated in 1989, but was still healthy. The 13 percent vacancy rate was concentrated in the sub-40,000 sq. ft. size category. Leasing volume was down five percent for the year. Absorption was concentrated in the distribution end of the market. SIOR's local observers indicate that there are few industrial properties for sale to investors at the present time.

1990 Forecast

Flex space built on speculation will be the principal change in the market profile in the coming year. About a third of the total leasing volume represents expansion needs of local firms. Most new tenants coming into the market are relocating from states to the north of Delaware. Because of the small inventory available for investment, sales prices are expected to rise in the order of five percent in 1990.

Composition of Absorption
Wilmington



INDUSTRIAL SURVEY QUESTIONNAIRE

Society of Industrial and Office REALTORS®
Industrial Real Estate Market Survey - 1989 Review / 1990 Forecast

READ CAREFULLY BEFORE FILLING OUT QUESTIONNAIRE: This questionnaire must be received by the SIOR National Office by December 15, 1989 if your report is to be included in the 1990 *Guide to Industrial and Office Real Estate Markets*. For data compilation reasons, any surveys received after December 15, 1989 cannot be used.

Please type or print your answers clearly.
The individual reporter must be a member of SIOR.
Be sure to include both the individual's name and the firm's name
Please use the abbreviation of N/A for Not Available
and the abbreviation of "—" for Not Applicable

If you have any questions, please contact:
Linda Nasvaderani
Society of Industrial and Office REALTORS®
777 14th Street, N.W., Suite 400
Washington, D.C. 20005-3271
202/ 383-1138
FAX: 202/ 383-1114

Identification

Market Area ______________________________

Reporter's Name ____________	Reporter's Name ____________
Firm Name ____________	Firm Name ____________
Address ____________	Address ____________
____________	____________
City ________ State ____ Zip ____	City ________ State ____ Zip ____
Business Phone ____________	Business Phone ____________

Comments

SIOR urges each reporter to provide some comments about their market area. Readers of last year's SIOR *Guide to Industrial and Office Real Estate Markets* found the market area narratives valuable. Your specific comments will be incorporated into the 1990 report.

Comment on demand for industrial space (lease and/or sales): ______________________________

Comment on new speculative development in 1990: ______________________________

Comment on local / regional economy: ______________________________

Comment on real estate market trends in your market area (e.g. user relocations or expansions, backfilling, foreign investment, etc):

Other Comments: ______________________________

Society of Industrial and Office REALTORS®
Industrial Real Estate Market Survey - 1989 Review / 1990 Forecast

Definitions Please read carefully. The following definitions are given to insure uniformity of response. Use, not building design, determines reporting category.

Central City/Suburban Areas	*Since the definition of urban and suburban areas varies widely, it is the responsibility of the individual survey panelist to reflect his or her area's particular characteristics.*
High Technology/R&D	*Refers to highly improved space with 50% or more office potential and higher than normal parking.*
Total Inventory	*Total square footage of rentable industrial space, vacant and occupied, ready for tenant finish, in your market area.*
Vacant Inventory	*Total square footage of vacant rentable industrial space, including sublease.*
Net Absorption	*Net absorption is the net change in occupied space.*
Construction	*Ground must be broken. Do not include projects that are still in the planning stages.*
Prime Industrial Building	*Buildings in the top 25 percent of overall desirability of the existing inventory; such buildings are considered to be for general purpose uses such as industrial, research, warehouse and/or manufacturing*
Gross Lease	*A lease in which the tenant's rent includes real estate taxes and fire and extended coverage insurance, as well as maintenance of the roof structure and outside walls.*
Improved Sites	*Sites in the top 25 percent of overall desirability of the existing inventory. Such sites are in a "ready to build" condition and are essentially level and graded and serviced with all necessary utilities.*
Unimproved Sites	*Sites in the top 25 percent of overall desirability of the existing inventory and are zoned for industrial use. Streets and utilities may not yet be installed but are reasonably close and available.*
Construction Costs	*Should reflect only hard construction costs such as general contractor, overhead, and profit but exclude architectural and engineering fees, financing.*

Section I: Inventory Data

Inventory (as of December 1989)	**Central City**	**Suburban**
Total	______ sq ft	______ sq ft
Vacant	______ sq ft	______ sq ft
Net Absorption	______ sq ft	______ sq ft
Construction	______ sq ft	______ sq ft

Section II: Prices

1. **Building Prices.** Sales and lease prices of prime industrial buildings. ☐ Gross Lease ☐ Net Lease

Prime Industrial Prices (price per sq ft)	**Sales (Current price per sq ft)** Central City	Suburban	**Lease (Current annual price per sq ft)** Central City	Suburban
Less than 5,000 sq ft	$ ______	$ ______	$ ______	$ ______
5,000 to 19,999 sq ft	$ ______	$ ______	$ ______	$ ______
20,000 to 39,999 sq ft	$ ______	$ ______	$ ______	$ ______
40,000 to 59,999 sq ft	$ ______	$ ______	$ ______	$ ______
60,000 to 99,999 sq ft	$ ______	$ ______	$ ______	$ ______
100,000 sq ft or more	$ ______	$ ______	$ ______	$ ______
High Tech/R&D	$ ______	$ ______	$ ______	$ ______

Section II: Prices (Continued)

2. Site Prices.

Improved Sites (selling price per sq ft)	**Central City**	**Suburban**
Less than 2 acres	$ ________	$ ________
2 to 5 acres	$ ________	$ ________
5 to 10 acres	$ ________	$ ________
More than 10 acres	$ ________	$ ________
Unimproved Sites		
Less than 10 acres	$ ________	$ ________
10 to 100 acres	$ ________	$ ________
More than 100 acres	$ ________	$ ________

3. Construction Costs.

Prime Industrial Construction Costs (costs per sq ft)	
Less than 5,000 sq ft	$ ________
5,000 to 19,999 sq ft	$ ________
20,000 to 39,999 sq ft	$ ________
40,000 to 59,999 sq ft	$ ________
60,000 to 99,999 sq ft	$ ________
100,000 sq ft or more	$ ________
High Tech/R&D	$ ________

4. **Financing.** What is the current prime source for financing industrial properties?

☐ Insurance Companies ☐ Commercial Banks ☐ Pension Funds
☐ Owner Financing ☐ Other (specify) ____________________

5. **Mortgage Money Supply.** Indicate the current mortgage money supply at the prevalent interest rate.

☐ Ample ☐ Moderate ☐ Tight ☐ Not Available

Section III: Trends

6. **Vacancy Indicators.** What is the vacancy situation for prime industrial properties?

	Substantial Shortage	Moderate Shortage	Balanced Market	Moderate Oversupply	Substantial Oversupply
Less than 5,000 sq ft	☐	☐	☐	☐	☐
5,000 to 19,999 sq ft	☐	☐	☐	☐	☐
20,000 to 39,999 sq ft	☐	☐	☐	☐	☐
40,000 to 59,999 sq ft	☐	☐	☐	☐	☐
60,000 to 99,999 sq ft	☐	☐	☐	☐	☐
100,000 sq ft or more	☐	☐	☐	☐	☐
High Tech/R&D	☐	☐	☐	☐	☐

7. **Composition of Absorption.** Indicate the percent of total absorption attributable to each building category during 1989.

Warehousing/Distribution ________ % Manufacturing ________ % High Tech/R&D ________ %

8. **Rate of Construction.** How does the rate of construction compare to a year ago?

Warehousing/Distribution	☐ Same	☐ Increase	______ %	☐ Decrease	______ %
Manufacturing	☐ Same	☐ Increase	______ %	☐ Decrease	______ %
High Tech/R&D	☐ Same	☐ Increase	______ %	☐ Decrease	______ %

Section III: Trends (Continued)

9. **Dollar Volume - Sales.** How does the dollar volume of sales of industrial properties compare to a year ago?

Warehousing/Distribution	☐ Same	☐ Increase ________ %	☐ Decrease ________ %
Manufacturing	☐ Same	☐ Increase ________ %	☐ Decrease ________ %
High Tech/R&D	☐ Same	☐ Increase ________ %	☐ Decrease ________ %

10. **Dollar Volume - Leases.** How does the dollar volume of leases of industrial properties compare to a year ago?

Warehousing/Distribution	☐ Same	☐ Increase ________ %	☐ Decrease ________ %
Manufacturing	☐ Same	☐ Increase ________ %	☐ Decrease ________ %
High Tech/R&D	☐ Same	☐ Increase ________ %	☐ Decrease ________ %

Section IV: Outlook

Sales Prices	Warehousing/Distribution	☐ Same	☐ Increase ________ %	☐ Decrease ________ %
	Manufacturing	☐ Same	☐ Increase ________ %	☐ Decrease ________ %
	High Tech/R&D	☐ Same	☐ Increase ________ %	☐ Decrease ________ %
Lease Prices	Warehousing/Distribution	☐ Same	☐ Increase ________ %	☐ Decrease ________ %
	Manufacturing	☐ Same	☐ Increase ________ %	☐ Decrease ________ %
	High Tech/R&D	☐ Same	☐ Increase ________ %	☐ Decrease ________ %
Site Prices		☐ Same	☐ Increase ________ %	☐ Decrease ________ %
Absorption	Warehousing/Distribution	☐ Same	☐ Increase ________ %	☐ Decrease ________ %
	Manufacturing	☐ Same	☐ Increase ________ %	☐ Decrease ________ %
	High Tech/R&D	☐ Same	☐ Increase ________ %	☐ Decrease ________ %
Construction	Warehousing/Distribution	☐ Same	☐ Increase ________ %	☐ Decrease ________ %
	Manufacturing	☐ Same	☐ Increase ________ %	☐ Decrease ________ %
	High Tech/R&D	☐ Same	☐ Increase ________ %	☐ Decrease ________ %
Dollar Volume	Sales	☐ Same	☐ Increase ________ %	☐ Decrease ________ %
	Leases	☐ Same	☐ Increase ________ %	☐ Decrease ________ %

Section V: Market Area Information

Important: SIOR is interested in learning more about your market area. Please send any information about your local economy and local real estate markets with your survey. If specific information is not conveniently available, perhaps you can send an address where information can be obtained.

Name ________________________	Name ________________________
Address ________________________	Address ________________________
________________________	________________________
Type of information ________________________	Type of information ________________________
________________________	________________________

List of resources ____

____

____

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OFFICE MARKETS BY CITY

INTERNATIONAL MARKETS

Calgary, Alberta: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	19,782,406	-	5,466,136	9,783,086
Vacant	2,416,233	-	1,210,237	1,863,264
Vacancy Rate	12.2%	-	22.1%	19.0%
Vacant Sublease	572,877	-	131,040	69,735
Under Construction	970,000	-	0	0
Substantial Rehab	0	-	0	0
Net Absorption	1,200,000	-	85,400	172,000

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	8.61	-	4.31	3.44
Highest	18.94	-	10.33	9.47
Weighted Average	13.35	-	6.03	5.81

Utility Rates: CBD $1.94 per sf
Outside CBD $2.15 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 2,000 sf
Outside CBD - n/a

Standard Work Letter: $23.68 per sf, typically based on dollars per square foot

Operating Cost Escalation:
Base Year

Cumulative Discount Rate: n/a

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Interior Improvements
- Early Renewal
- Renewal of rates
- Provide 3-5 yrs rent

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Finance/Banking
- Energy

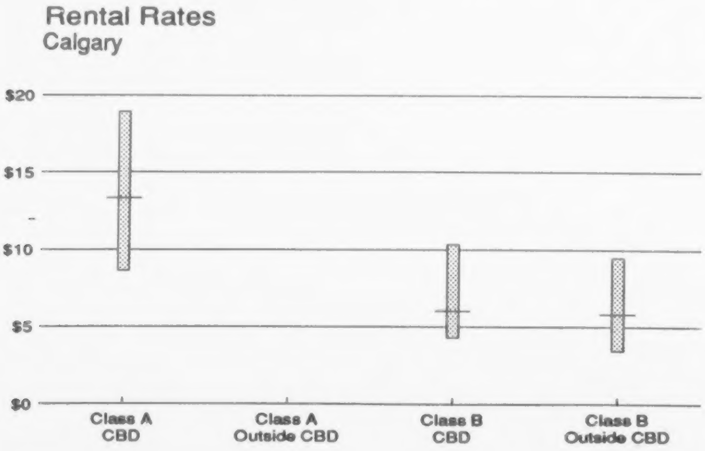
Minor Activity
- Business Services
- Sales
- Engineering/Architecture
- Government

Demographics

		Rank
Population:	n/a	0
Population Growth Rate:	n/a	
Unemployment Rate:	n/a	
Median Household Income:	n/a	0
Cost of living Index:	n/a	0

Outlook

Absorption	Up 4-8%
Construction	Same
Vacancies	Down 5-7%
Rental Rates	Up 5-7%
Landlord Concessions	Down 2-3%



1989 Review

Stable oil prices have helped Calgary's major tenant group, the energy industry. Demand for office space grew over the year, and net absorption in this market reached nearly 1.5 million sq. ft. in 1989. Most of the demand was for Class "A" buildings in the CBD which were still available at very reasonable rents. Calgary could still be classified as a "tenant's market" even as the CBD vacancy rate dropped to 12.2 percent. Landlords are fiercely competitive in the search for occupants, and daunting concession packages are offered to major users as inducements to sign leases. One recent and promising trend has been the relocation of several major Canadian corporations to Calgary which is having two effects. First, it is directly tightening vacancy conditions. Second, it is encouraging firms which have deferred leasing decisions until now to take advantage of the presently favorable market terms. An additional benefit is a diversification of Calgary's economic base.

1990 Forecast

No new projects will enter the Calgary marketplace in 1990, although nearly a million sq. ft. is under construction for future delivery. Developers remain poised to move on the first sign of recovery. For the time being, the market is expecting a gradual return to balance as vacancies drop in 1990 and effective rents begin to move upward.

Montreal, Quebec: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	25,000,000	10,000,000	15,000,000	20,000,000
Vacant	2,000,000	800,000	1,800,000	2,400,000
Vacancy Rate	8.0%	8.0%	12.0%	12.0%
Vacant Sublease	100,000	20,000	200,000	100,000
Under Construction	1,800,000	1,400,000	0	0
Substantial Rehab	0	0	200,000	200,000
Net Absorption	500,000	1,500,000	100,000	500,000

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	25.83	12.92	17.22	6.89
Highest	29.28	14.64	20.67	10.33
Weighted Average	24.11	12.06	13.78	6.89

Utility Rates: CBD $1.08 per sf
Outside CBD $1.08 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 2,500 sf
Outside CBD - 1 per 1,000 sf

Standard Work Letter: $21.53 per sf, typically based on dollars per square foot

Operating Cost Escalation:
Stop - Net/Net Leases

Cumulative Discount Rate: 5%
Landlord Concessions
- Lease Assumptions
- Moving Allowance
- Interior Improvements

Leasing Activity Profile
Major Activity
- Insurance
- Government
- Energy
- Computer
- Furniture

Minor Activity
- Legal/Accounting
- Business Services
- Sales
- Engineering/Architecture

Demographics

		Rank
Population:	n/a	0
Population Growth Rate:	n/a	
Unemployment Rate:	n/a	
Median Household Income:	n/a	0
Cost of living Index:	n/a	0

Outlook

Absorption	Same
Construction	Down 25%
Vacancies	Down 1%
Rental Rates	Up 5%
Landlord Concessions	Same

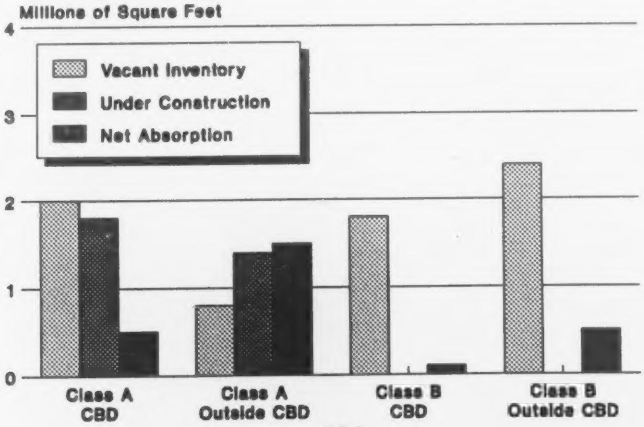
1989 Review

A stable local and regional economy kept Montreal's commerical real estate market strong in 1989. The 70 million sq. ft. market inventory was 90 percent occupied, with Class "A" space notably stronger than older properties, both in the CBD and in the suburbs. Leasing was active last year, with a net absorption of 2.6 million sq. ft.. This amounts to a 3.7 percent take-up rate for the total stock of office space. This market benefits from the inexpensive electricity generated by Hydro-Quebec. With three million sq. ft. of space under construction, new development appeared to be keeping pace with proven demand. Rents ranged broadly, with Class "A" downtown buildings commanding as much as 34 dollars per sq. ft., but older suburban properties available to economy-minded tenants.

1990 Forecast

The new supply of space will satisfy much of the current demand of small and medium sized firms. Larger space users, though, will find their requirements difficult to fill in 1990. Many of the projects scheduled for completion this year have substantial preleasing commitments. A further reduction in the vacancy rate is expected, and this market could see even more robust growth if the awaited decline in Canadian interest rates materializes this year.

Total Market Inventory
Montreal



Toronto, Ontario: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	35,184,205	24,604,555	19,120,077	21,902,345
Vacant	1,745,632	3,035,094	933,927	2,327,615
Vacancy Rate	5.0%	12.3%	4.9%	10.6%
Vacant Sublease	471,320	179,070	124,212	239,744
Under Construction	6,433,378	5,486,829	210,100	1,636,642
Substantial Rehab	55,000	-	392,600	-
Net Absorption	922,309	2,866,500	292,317	879,967

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	21.53	10.63	13.35	8.61
Highest	58.56	31.86	46.50	28.16
Weighted Average	36.08	20.41	26.30	16.12

Utility Rates: CBD $1.08 per sf
Outside CBD $0.77 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 3,000 sf
Outside CBD - 1 per 300 sf

Standard Work Letter: $25.83 per sf, typically based on dollars per square foot

Operating Cost Escalation:
Base Year & Stop - Immediately passed on to the tenant

Cumulative Discount Rate: 20%

Landlord Concessions
- Rental Abatement
- Lease Assumptions
- Interior Improvements
- Cash Allowance

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance
- Business Services
- Sales
- Finance/Banking
- Government

Minor Activity
- Engineering/Architecture
- Energy

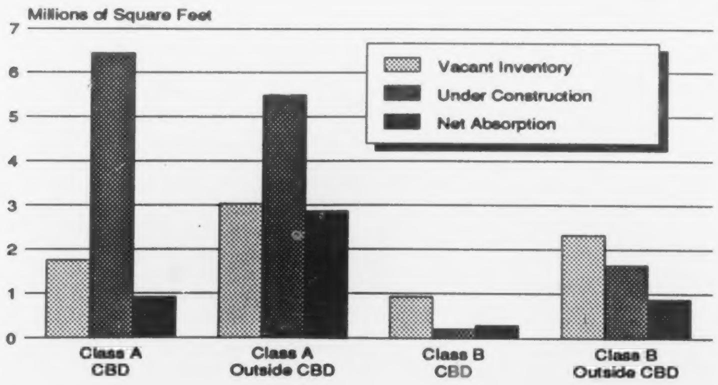
Demographics

		Rank
Population:	n/a	0
Population Growth Rate:	n/a	
Unemployment Rate:	n/a	
Median Household Income:	n/a	0
Cost of living Index:	n/a	0

Outlook

Absorption	Same
Construction	Down 11.6%
Vacancies	Up 9%
Rental Rates	Up 5%
Landlord Concessions	Up 10%

Total Market Inventory
Toronto



1989 Review

With over 100 million sq. ft. of inventory, Toronto is more than twice as large as any other office market in Canada. It is also one of the healthiest office markets in North America, with an overall vacancy rate of eight percent. As the recognized economic and financial capital of Canada, Toronto has reaped the advantage of the nation's strong performance in the Eighties. Net absorption in 1989 was a more-than-creditable five million sq. ft.. But this pales beside the 13.8 million sq. ft. under construction in the market. During 1989 some indication of a slackening of demand appeared, and concerns are mounting about the volume of new product now in the pipeline. Rents are dear, but discounts are abundant. Tenants have been taking advantage of inducements to upgrade the quality of their leased facilities, especially in the downtown market. The market has also seen the trend, familiar in the States, for large users to split back office operations from the CBD to lower cost suburban locations.

1990 Forecast

This year will see the delivery of most of the space which was under construction in 1989. The supply surge will drive vacancy up during the year and make leasing discount packages even more generous for large tenants. The suburban areas will be more severely affected by the new buildings in 1990, but these have also seen the largest absorption gains in the past.

London, England: Office

Market Data

	Class A		Class B	
Inventory (sf)	CBD	Outside CBD	CBD	Outside CBD
Total	n/a	n/a	n/a	n/a
Vacant	n/a	n/a	n/a	n/a
Vacancy Rate	n/a	n/a	n/a	n/a
Vacant Sublease	n/a	n/a	n/a	n/a
Under Construction	n/a	n/a	n/a	n/a
Substantial Rehab	n/a	n/a	n/a	n/a
Net Absorption	n/a	n/a	n/a	n/a

	Class A		Class B	
Rental Rates ($/sf)	CBD	Outside CBD	CBD	Outside CBD
Lowest	n/a	90.00	97.00	65.00
Highest	n/a	90.00	97.00	65.00
Weighted Average	n/a	90.00	97.00	65.00

Utility Rates: CBD $9.50 per sf
Outside CBD $8.50 per sf
Separately Metered

Parking Ratio: CBD - n/a
Outside CBD - n/a

Standard Work Letter: $40.00 per sf, typically based on $/sf & quantity of materials

Operating Cost Escalation:
Base Year

Cumulative Discount Rate: 0-5%
Landlord Concessions
Interior Improvements

Leasing Activity Profile
Major Activity
- Legal/Accounting
- Insurance
- Business Services
- Finance/Banking

Minor Activity
- Sales
- Engineering/Architecture
- Government

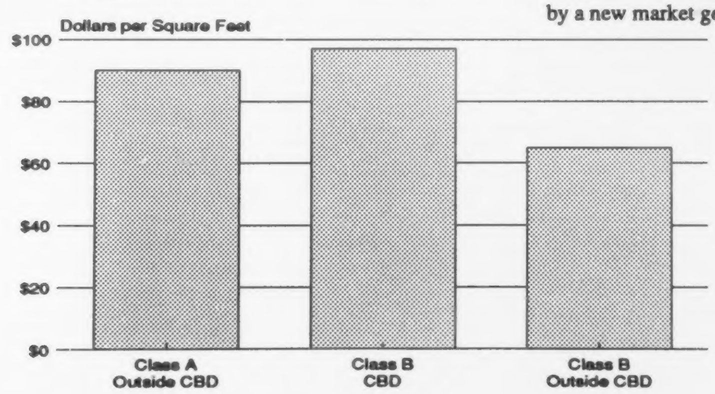
Demographics

		Rank
Population:	6,735,000	0
Population Growth Rate:	n/a	
Unemployment Rate:	5.30%	
Median Household Income:	n/a	0
Cost of living Index:	n/a	0

Outlook

Absorption	Up
Construction	Up
Vacancies	n/a
Rental Rates	Up
Landlord Concessions	n/a

Rental Rates
London



1989 Review

London's office market marched through 1989 ramrod straight. Rents have grown rapidly during the Eighties, and have far surpassed levels in the United States. There has been a rush of speculative development begun, with 11 million sq. ft. underway for completion by 1991, and a total pipeline of 35 million sq. ft. of development. The enormous Canary Wharf project in the Docklands area is Europe's largest development project by far. With London serving as one of the world's three financial centers, banking and related industries produced strong leasing demand in London's City district and in the West End. Even at the near-$100 per sq. ft. level, leasing inducements are uncommon. Long term leases with periodic rent reviews are the norm in this market, and the rental adjustment goes in only one direction: up. With the exception of the newest projects, office buildings tend to be smaller and generally older here than in the States. Hence the defined character of a Class "A" CBD building in London is self-contradictory if U.S. standards are employed.

1990 Forecast

Rental growth prospects will reflect increasingly adverse supply/demand conditions. Demand will be retrenching, with only one percent real growth forecast for the British economy in 1990. High interest rates and burdensome property tax increases are also making tenants reluctant to expand. New supply in the City, Docklands and elsewhere will increase the choices available to London's firms. The Nineties will see many traditional locations being challenged by a new market geography.

Bristol, England

1989 Review

An anticipated severe shortage of quality space triggered substantial office development during 1989. Around 1.6 million sq. ft. is due for near-term completion. Some 70 percent of this has been pre-committed, with some deals locked up 15 months in advance of occupancy. Prime office rents of $30 per sq. ft. have been achieved for small units, although tenants leasing in excess of 35,000 sq. ft. can negotiate a better price. Sales prices for fully leased properties were close to $600 per sq. ft. last year. Preleasing activity has been the dominant trend in the market, with unsatisfied demand still awaiting the delivery of new supply.

1990 Forecast

There is a strong likelihood of rents moving upward once again in 1990. Bristol will be one of the most attractive office markets in the United Kingdom outside of the London area. There will be continued relocations into the area, and a shortage of acceptable sites is a real possibility. However, demand will have to sustain very strong growth rates if all the projects announced for completion beyond 1993 are to be absorbed in a timely way.

Birmingham, England

1989 Review

Since its determined but ultimately unsuccessful bid to stage the 1992 Olympic Games, Birmingham has shown equal dedication to its resurgence as a business center. Prime office rents have risen substantially during 1989, from $19 per sq. ft. to the 28 dollar level. Demand is outstripping supply, especially on Cornwall Street, the city's premier office location. Developments completed in 1989 contained 330,000 sq. ft. and were 70 percent preleased. Relocations from the more expensive South East of England (the London area) are common as tenants seek less expensive business facilities. The vacancy rate in Birmingham's 17 million sq. ft. office market was a slim 4.4 percent at the end of 1989.

1990 Forecast

The level of interest left unsatisfied at the close of last year, suggests that demand will continue to be strong through 1990. The extension of the M40 motorway will improve highway access between the Midland and the South East, providing additional attraction to firms considering relocation. Demand will be outrunning supply until the end of the year. This will support further rental growth in the city center, and the supply-short condition will feed unsatisfied demand to satellite towns and peripheral developments.

Edinburgh, Scotland

1989 Review

Edinburgh is the second largest office market in Scotland, after Glasgow. It was a buoyant market in 1989, a landlord's market with pent-up demand for quality space. Space shortages, in fact, retarded absorption last year after excellent leasing years in 1987 and 1988. City planning policies plugged up the development pipeline temporarily, but 3.5 million sq. ft. are now moving toward completion. Only 300,000 sq. ft. of space was available in the market at the end of 1989. Leasing interest was strongest from financial and service firms. Preleasing has been common, with rents in the neighborhood of $30 per sq. ft. Even older properties are approaching this rental level, indicating the extent to which demand has exceeded supply. Investment interest is high in this market, but occupiers are keen to own their own buildings.

1990 Forecast

Supply will be unchanged for the next few years and rental growth is likely to push upward in 1990. Once new supply is provided, occupiers will revert to more stringent requirements for location and amenities. Into the mid-1990s it would be reasonable to foresee a flattening of the rental curve in Edinburgh.

Mexico City, Mexico: Office

Market Data

	Class A		Class B	
Inventory (sf)	CBD	Outside CBD	CBD	Outside CBD
Total	500,000	18,000,000	4,000,000	84,000,000
Vacant	0	300,000	0	350,000
Vacancy Rate	0.0%	1.7%	0.0%	0.4%
Vacant Sublease	n/a	n/a	n/a	n/a
Under Construction	0	400,000	0	600,000
Substantial Rehab	0	0	0	350,000
Net Absorption	0	0	0	600,000

	Class A		Class B	
Rental Rates ($/sf)	CBD	Outside CBD	CBD	Outside CBD
Lowest	n/a	25.00	n/a	6.00
Highest	n/a	30.00	n/a	8.00
Weighted Average	n/a	n/a	n/a	n/a

Utility Rates: CBD $2.75 per sf
Outside CBD $2.25 per sf
Separately Metered

Parking Ratio: CBD - n/a
Outside CBD - n/a

Standard Work Letter: n/a

Operating Cost Escalation: n/a

Cumulative Discount Rate: n/a

Landlord Concessions
- Parking

Leasing Activity Profile

Minor Activity
- Legal/Accounting
- Insurance
- Business Services
- Sales
- Finance/Banking
- Engineering/Architecture
- Government
- Energy

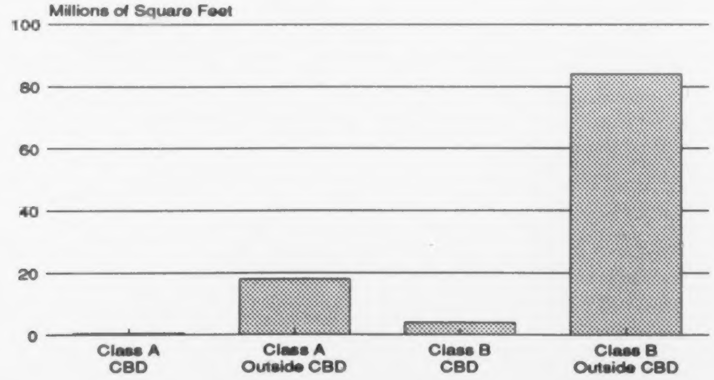
Demographics

		Rank
Population:	n/a	0
Population Growth Rate:	n/a	
Unemployment Rate:	n/a	
Median Household Income:	n/a	0
Cost of living Index:	n/a	0

Outlook

Absorption	Same
Construction	Same
Vacancies	Same
Rental Rates	Up 30%
Landlord Concessions	Same

Total Market Inventory
Mexico City



1989 Review

Many offices buildings were severely damaged during the powerful earthquake which struck Mexico City in 1985. The redevelopment of the market, involving both reconstruction and decentralization, has been the major office story here for the past several years and remained so in 1989. The market is large, at 106 million sq. ft., but not so large as the sheer size of the population might suggest. Space is extremely tight, as it chronically is wont to be. Mexico City's economic base is linked to the performance of the national economy, and the news has not been good for some time. An oil producing nation, Mexico has suffered from the energy industry collapse of the Eighties. And the enormous public debt of the national government and its nationalized industries acts as a dead weight on economic growth.

1990 Forecast

The movement of government offices from the Capital City Historical Center, part of the decentralization program, will begin to free space for private occupancy in 1990. One million sq. ft. of construction is also being added to the market, and this will also expand tenant choices in the coming year. There is a considerable amount of overseas capital in the Mexico City metropolitan area, and space demands are expected to respond favorably to new supply. This market went suddenly from a space surplus to a deficit the day the earthquake struck. This will still be the dominant fact of the marketplace in 1990.

Oslo, Norway: Office

Market Data

	Class A		Class B	
Inventory (sf)	CBD	Outside CBD	CBD	Outside CBD
Total	43,000,000	-	-	-
Vacant	4,800,000	-	-	-
Vacancy Rate	11.2%	-	-	-
Vacant Sublease	n/a	-	-	-
Under Construction	1,800,000	-	-	-
Substantial Rehab	n/a	-	-	-
Net Absorption	400,000	-	-	-

	Class A		Class B	
Rental Rates ($/sf)	CBD	Outside CBD	CBD	Outside CBD
Lowest	23.00	14.00	16.00	9.00
Highest	32.00	22.00	18.00	17.00
Weighted Average	-	-	-	-

Utility Rates: CBD n/a
Outside CBD n/a
Not Separately Metered

Parking Ratio: CBD - 1 per 250 sf
Outside CBD - 1 per 300 sf

Standard Work Letter: n/a

Operating Cost Escalation:
Base Year

Cumulative Discount Rate: n/a
Landlord Concessions
- Rental Abatement
- Interior Improvements

Leasing Activity Profile
Major Activity
- Legal/Accounting
- Insurance
- Business Services
- Finance/Banking
- Government
- Energy

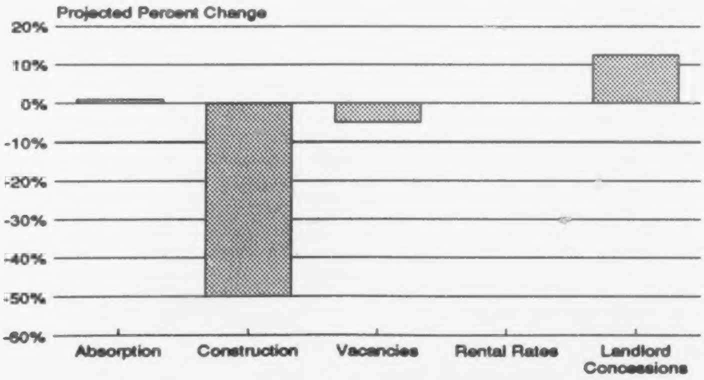
Minor Activity
- Sales
- Engineering/Architecture

Demographics

		Rank
Population:	n/a	0
Population Growth Rate:	n/a	
Unemployment Rate:	n/a	
Median Household Income:	n/a	0
Cost of living Index:	n/a	0

Outlook

Absorption	Up 1%
Construction	Down 50%
Vacancies	Down 5%
Rental Rates	Same
Landlord Concessions	Up 10-15%


Outlook
Oslo

1989 Review

The Oslo office market, though still affected by the comparatively weak Norwegian economy, saw some signs of hope in 1989. The 11.2 percent vacancy rate was high and construction outpaced absorption for the year. The bursting of the energy industry bubble still affects Norway's corporations, government and financial industry in a negative way. The banking industry is struggling with portfolios riddled with problem loans and the necessity to shore up their basic capital. This is reducing staff size and institutional need for office space. The government has the strain of coping with historically high unemployment and unprofitable state-owned industries. Corporations large and small are finding it difficult to have their credit needs met, and business failures have been running at the rate of 3,500 - 4,000 annually. The effect on office demand has, naturally, been chilling.

1990 Forecast

There are some positive signs that Oslo has seen the worst and that the office market here will strengthen during 1990. Disinflation is stabilizing the economy, and the energy shakeout has run its course. Foreign investment in commercial property is increasing, as attractive yields are available. Scandanavia is not formally a part of the 1992 European consolidation, but it is certainly taking a part in preparing to compete in the new environment. With a sharp reduction in construction this year and a modest improvement in demand, Oslo should see firmer office market conditions at the end of 1990.

Cape Town, South Africa: Office

Market Data

	Class A		Class B	
Inventory (sf)	CBD	Outside CBD	CBD	Outside CBD
Total	3,140,000	2,260,000	6,198,600	136,369
Vacant	157,000	104,840	378,500	20,628
Vacancy Rate	5.0%	4.6%	6.1%	15.1%
Vacant Sublease	n/a	n/a	n/a	n/a
Under Construction	643,840	2,132,240	n/a	n/a
Substantial Rehab	n/a	n/a	n/a	n/a
Net Absorption	n/a	n/a	n/a	n/a

	Class A		Class B	
Rental Rates ($/sf)	CBD	Outside CBD	CBD	Outside CBD
Lowest	9.35	9.35	7.00	n/a
Highest	10.50	10.50	7.80	n/a
Weighted Average	n/a	n/a	n/a	n/a

Utility Rates: CBD $2.34 per sf
Outside CBD $2.34 per sf
Separately Metered

Parking Ratio: CBD - 1 per 300 sf
Outside CBD - 1 per 300 sf

Standard Work Letter: n/a

Operating Cost Escalation:
Base Year

Cumulative Discount Rate: n/a
Landlord Concessions

Leasing Activity Profile
Major Activity
- Legal/Accounting
- Insurance
- Business Services
- Sales
- Finance/Banking
- Engineering/Architecture
- Government

Minor Activity
- Energy

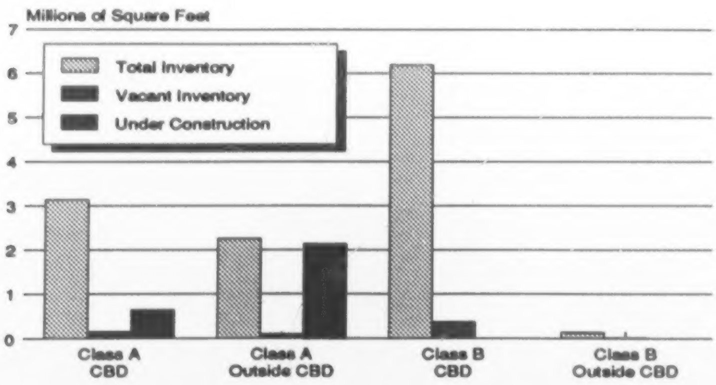
Demographics

		Rank
Population:	n/a	n/a
Population Growth Rate:	n/a	
Unemployment Rate:	n/a	
Median Household Income:	n/a	n/a
Cost of living Index:	n/a	n/a

Outlook

Absorption	Same
Construction	Up 2.5%
Vacancies	Down 25%
Rental Rates	Up 12%
Landlord Concessions	n/a

Market Inventory
Cape Town



1989 Review

Cape Town's 11.7 million sq. ft. office market enjoyed strong demand for its limited availabilities in 1989. The overall vacancy rate was a respectable 5.6 percent. Tenants will look seriously at both Class "A" and Class "B" space, given the scarcity of choices in the current market. There is likewise more interest in properties for sale than there are good properties on the market. Cape Town's rents seem to belie the strength of the market, but must be interpreted carefully. These are rents expressed in U.S. dollars, which has run up considerably against the South African Rand since they were valued on a par ten years ago. Construction activity in 1989 was largely in the decentralized suburbs, and was being undertaken by institutions such as insurance companies. Speculative construction is rare in the South African financial situation, where the prime lending rate stands at 21 percent.

1990 Forecast

A planned expansion of the Central Business District will be occurring, attempting the redevelopment of Cape Town's Docklands district, which has been underutilized. Foreign investment is increasing, with overseas investors taking advantage of the favorable exchange rate. This market is expected to tighten even further in 1990, and substantial rental increases are forecast.

UNITED STATES MARKETS

Akron, Ohio: Office

Market Data

	Class A		Class B	
Inventory (sf)	CBD	Outside CBD	CBD	Outside CBD
Total	867,960	3,500,000	521,000	2,500,000
Vacant	100,683	245,000	38,554	225,000
Vacancy Rate	11.6%	7.0%	7.4%	9.0%
Vacant Sublease	n/a	n/a	n/a	n/a
Under Construction	0	250,000	0	0
Substantial Rehab	n/a	n/a	n/a	n/a
Net Absorption	n/a	n/a	n/a	n/a

	Class A		Class B	
Rental Rates ($/sf)	CBD	Outside CBD	CBD	Outside CBD
Lowest	12.00	12.00	8.50	8.00
Highest	16.50	17.00	13.50	12.00
Weighted Average	14.25	14.50	11.00	10.00

Utility Rates: CBD $1.50 per sf
Outside CBD $1.50 per sf
Not Separately Metered

Parking Ratio: CBD - n/a
Outside CBD - 1 per 200 sf

Standard Work Letter: $14.00 per sf, typically based on quantity of materals

Operating Cost Escalation: Base Year

Cumulative Discount Rate: n/a

Landlord Concessions
- Rental Abatement
- Interior improvements

Leasing Activity Profile

Major Activity
- Business Services
- Sales

Minor Activity
- Legal/Accounting
- Insurance
- Finance/Banking
- Engineering/Architecture
- Government

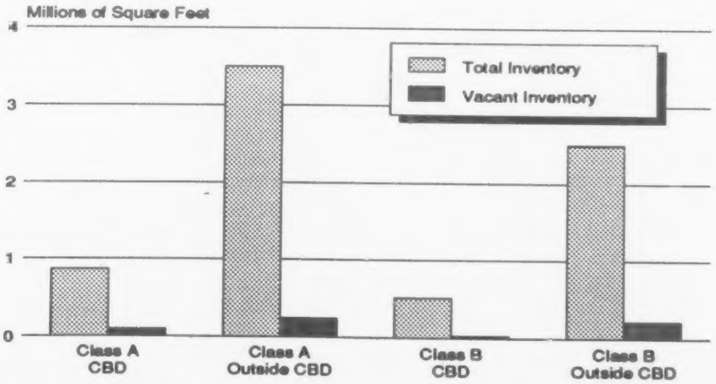
Demographics

		Rank
Population:	649,547	57
Population Growth Rate:	-0.18%	
Unemployment Rate:	4.60%	
Median Household Income:	$29,901	47
Cost of living Index:	93.6	65

Outlook

Absorption	Down 5-10%
Construction	Down 5-10%
Vacancies	Same
Rental Rates	Up 6.5%
Landlord Concessions	Same

Market Inventory
Akron



1989 Review

The economy of Akron, as in many mid-sized Ohio cities, showed some modest advances during 1989. This area is still very directly tied to the fortunes of the automobile industry, and the sputtering performance of the car-makers meant that the local engine of growth was idling at best. This may account for reports that office space demand from large users softened during the year. Vacancy statistics in Akron are encouragingly low, and the total office inventory amounts to only 7.4 million sq. ft. Rents are very economical, in the $12 - $16.50 per sq. ft. range for Class "A" space in the CBD, and slightly higher in the more desirable suburban locations. As befits the traditional Midwest, sales and business services played a vital role in the office economy, with FIRE sector and legal/accounting firms in a more minor role.

1990 Forecast

A 250,000 sq. ft., 18 story office project has been announced for downtown Akron, due for completion in 1992. The construction timetable, however, is contingent upon pre-leasing commitments and as yet unresolved financing questions. This new project is expected to lead local rental rates upward during the year. In an important corporate move for Akron, the consolidation of Bridgestone and Firestone Tires brought an important headquarters location to this market.

Albany, New York: Office

Albany, Colonie, Guilderland, Pinebush, Bethlehem, and Clifton Park

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	2,652,800	3,158,200	1,292,500	1,818,300
Vacant	222,600	202,600	43,675	127,190
Vacancy Rate	8.4%	6.4%	3.4%	7.0%
Vacant Sublease	0	0	0	0
Under Construction	280,000	517,000	0	0
Substantial Rehab	0	0	0	0
Net Absorption	119,728	337,800	-75,525	136,200

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	16.00	15.50	12.00	12.50
Highest	21.00	18.50	15.00	15.00
Weighted Average	17.50	16.50	13.50	14.00

Utility Rates: CBD $1.25-1.50 per sf
Outside CBD $1.25-1.50 per sf
Separately Metered

Parking Ratio: CBD - 1 per 1,000 sf
Outside CBD - 1 per 200 sf

Standard Work Letter: $17.50 per sf, typically based on dollars per square foot

Operating Cost Escalation:
Base Year

Cumulative Discount Rate: 6-10%

Landlord Concessions
- Parking
- Lease Assumptions
- Interior Improvements

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance
- Business Services
- Finance/Banking
- Engineering/Architecture
- Government
- Trade Associations
- Lobby Groups

Minor Activity
- Sales

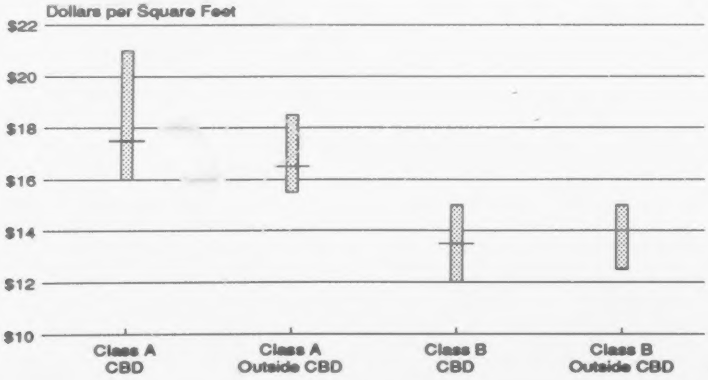
Demographics

		Rank
Population:	853,559	47
Population Growth Rate:	0.23%	
Unemployment Rate:	4.10%	
Median Household Income:	$31,789	32
Cost of living Index:	107.9	13

Outlook

Absorption	Up 0-5%
Construction	Up 5-10%
Vacancies	Up 1-2%
Rental Rates	Up 1-2%
Landlord Concessions	Up 0-5%

Rental Rates
Albany



1989 Review

Occupancy statistics for the nearly nine million sq. ft. Albany office market remained well above 90 percent in 1989. Net absorption was well matched with the level of new construction activity, with only Class "B" downtown buildings weakening over the year. Demand for space in the suburban market continued to be very strong in 1989, although there was some slowdown from the expansionary period of 1985 - 1988. Government provides a stabilizing influence here in New York's state capital. Private sector expansion of FIRE sector firms, medical offices, and trade/lobbying associations also are contributing to the office using base.

1990 Forecast

Several suburban buildings ranging in size from 15,000 sq. ft. - 70,000 sq. ft. are slated to begin construction in 1990. There is also a major two-phase project beginning in the CBD, with the first phase completely prelease. Thus both absorption and new construction are projected to be up for the year. The market is growing northward, following Interstate 87 toward residential areas where a ready labor pool of skilled office workers can be found.

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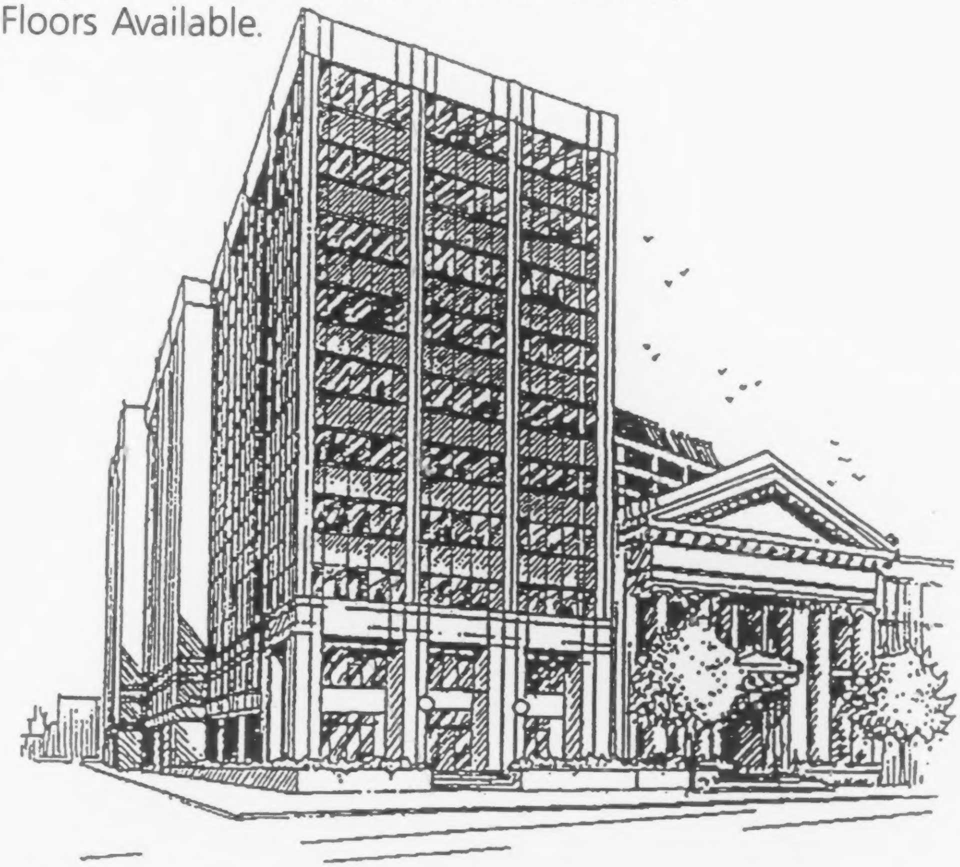

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Albuquerque, New Mexico: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	1,240,000	2,202,000	1,645,000	3,655,000
Vacant	250,000	440,400	332,000	647,600
Vacancy Rate	20.2%	20.0%	20.2%	17.7%
Vacant Sublease	0	0	85,000	90,000
Under Construction	348,000	0	0	70,000
Substantial Rehab	n/a	n/a	n/a	n/a
Net Absorption	32,500	24,000	10,000	15,500

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	14.00	12.50	10.00	9.50
Highest	21.00	18.00	15.00	15.00
Weighted Average	-	-	-	-

Utility Rates: CBD $2.50 per sf
Outside CBD $2.50 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 2,000 sf
Outside CBD - 1 per 200 sf

Standard Work Letter: $15.00 per sf, typically based on dollars per square foot

Operating Cost Escalation:
Stop - $4.25/ sq. ft.

Cumulative Discount Rate: 15%

Landlord Concessions
- Parking
- Rental Abatement
- Interior Improvements

Leasing Activity Profile

Major Activity
- Legal/Accounting

Minor Activity
- Insurance
- Business Services
- Sales
- Finance/Banking
- Government

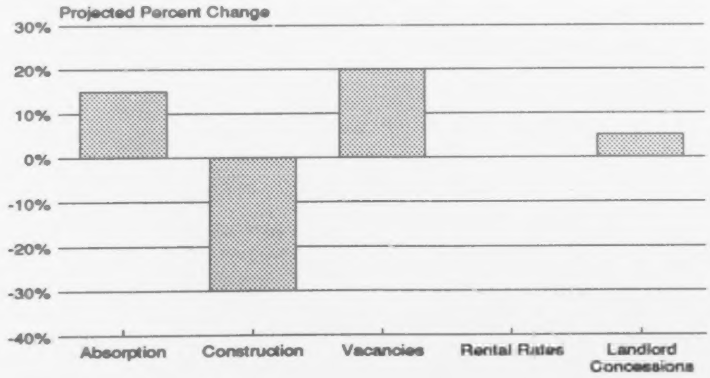
Demographics

		Rank
Population:	497,207	71
Population Growth Rate:	1.90%	
Unemployment Rate:	4.90%	
Median Household Income:	$27,189	72
Cost of living Index:	101.5	30

Outlook

Absorption	Up 15%
Construction	Down 30%
Vacancies	Up 20%
Rental Rates	Same
Landlord Concessions	Up 5%

Outlook
Albuquerque



1989 Review

Public sector jobs and government contract work helped keep the local economy stable in 1989, but Albuquerque has clearly been affected by the real estate downturn of the Southwest. Office space demand continued to be flat, as the net absorption figures demonstrate. Lateral movement of tenants to upgrade space accounted for much of the market activity. Vacancy rates have moved into the 20 percent area, representing over one and a half million sq. ft. of unoccupied space in a market of only 8.7 million sq. ft.

1990 Forecast

Construction activity will be minimal in this market for the foreseeable future. Most developers, national and local, do not expect to build here without 50 to 60 percent of a project pre-leased by high-credit tenants. Lenders will not finance development on any other basis. The outlook for private sector demand is becoming more optimistic, following the announcement that several firms are moving into New Mexico. The attractions are low business costs and an excellent lifestyle for employees. Absorption is forecast to rise 15 percent in 1990 and that, coupled with a 30 percent reduction in development, is expected to bring the market closer to balance as the year progresses.

Atlanta, Georgia: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	18,161,436	56,390,398	-	-
Vacant	2,834,517	9,840,163	-	-
Vacancy Rate	15.6%	17.5%	-	-
Vacant Sublease	n/a	n/a	-	-
Under Construction	2,801,500	2,164,200	-	-
Substantial Rehab	n/a	n/a	-	-
Net Absorption	457,148	2,722,697	-	-

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	16.00	14.00	15.00	11.00
Highest	27.00	20.00	18.00	16.00
Weighted Average	n/a	n/a	n/a	n/a

Utility Rates: CBD n/a
Outside CBD n/a
Not Separately Metered

Parking Ratio: CBD - 1 per 500 sf
Outside CBD - 1 per 250 sf

Standard Work Letter: n/a, typically based on dollars per square foot

Operating Cost Escalation: Base Year

Cumulative Discount Rate: 20%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements
- Club Memberships

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Finance/Banking
- Government

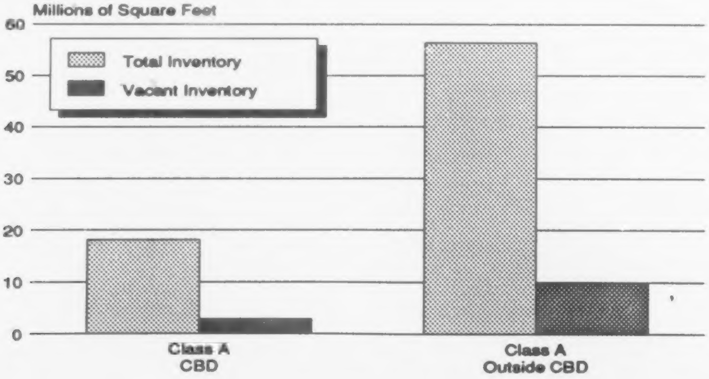
Minor Activity
- Insurance
- Business Services
- Sales

Demographics

		Rank
Population:	2,804,063	10
Population Growth Rate:	3.06%	
Unemployment Rate:	5.70%	
Median Household Income:	$36,018	9
Cost of living Index:	107.1	16

Outlook

Absorption	Up
Construction	Same
Vacancies	Up 2-5%
Rental Rates	Same
Landlord Concessions	Same



Market Inventory
Atlanta

1989 Review

Generalizations can be especially difficult in multi-nodal office markets such as Atlanta's. The city's economic strength comes from its diversification. No one industry dominates the office market consistently. Major submarkets are becoming business centers in their own right, with Perimeter, Buckhead and the Northwest rivalling the traditional CBD as office locations. Vacancy rates in the market were high at 16 to 17 percent, a chronic condition it would appear. The economy appeared to be entering a lull, which slowed construction and allowed the vacancy rate to adjust downward, in the view of SIOR's reporter. The sublease market grew, as cost-conscious tenants tightened their space requirements, and the gap between new construction rents and older space grew wider.

1990 Forecast

Build-to-suit activity is causing development statistics to be stronger than the rent and vacancy data suggest should be the case. The technology/communication sector accounts for much of the demand, with AT&T, IBM and MCI all committing to projects. As a rule, a 30 percent preleasing level is needed to acquire a financing go-ahead in Atlanta. Downtown is expected to see new activity this year as a result of mergers in the fields of banking, accounting and law.

Austin, Texas: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	3,190,778	4,608,488	4,509,109	8,319,879
Vacant	1,161,233	1,115,214	1,000,946	2,964,946
Vacancy Rate	36.4%	24.2%	22.2%	35.6%
Vacant Sublease	n/a	n/a	n/a	n/a
Under Construction	0	0	0	0
Substantial Rehab	0	0	0	0
Net Absorption	312,220	531,329	31,194	56,038

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	16.00	9.50	11.00	7.50
Highest	19.50	15.00	13.00	10.00
Weighted Average	17.25	10.50	11.75	8.50

Utility Rates: CBD $1.80 per sf
Outside CBD $1.80 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 600 sf
Outside CBD - 1 per 300 sf

Standard Work Letter: $18.00 per sf, typically based on quantity of materals

Operating Cost Escalation: Base Year

Cumulative Discount Rate: 5%

Landlord Concessions
- Parking
- Rental Abatement
- Moving Allowance
- Interior Improvements

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance
- Business Services
- Sales
- Government
- Telecommunications

Minor Activity
- Finance/Banking
- Engineering/Architecture
- Energy

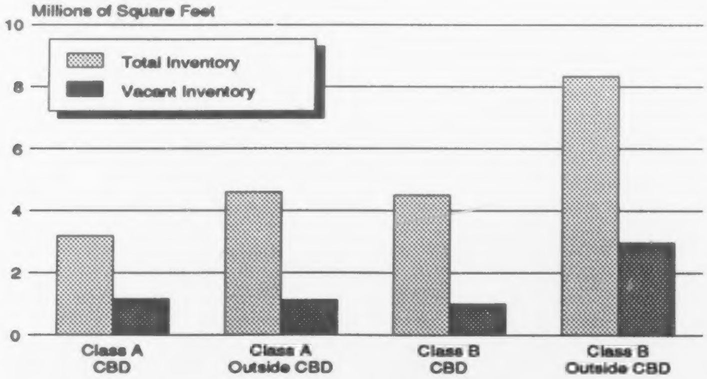
Demographics

		Rank
Population:	775,216	51
Population Growth Rate:	4.17%	
Unemployment Rate:	5.10%	
Median Household Income:	$31,658	33
Cost of living Index:	94.6	61

Outlook

Absorption	Up 5-7%
Construction	Same
Vacancies	Down 5-7%
Rental Rates	Up 5-10%
Landlord Concessions	Down 5%

Market Inventory
Austin



1989 Review

A sense of perspective is needed in reviewing the Austin office market. The 22 to 36 percent range of vacancy rates reported for the various market sectors may appear disastrously high; however, a year ago the availability rates ran up to 46 percent, so improvement has occurred. Rental rates have now stopped their free-fall; owner concessions are tightening; and tenant expansions are becoming more common. Good sales activity for user-owned and occupied properties was reported. Interest was once again seen from out-of-state investors and overseas buyers.

1990 Forecast

Gradual recovery should continue as Texas' capital city enters the 1990s. The combination of government, university-related research, and high-technology firms positions Austin well for a rebound. New construction is, of course, out of the question this year or next. But the nearly one million sq. ft. of space absorbed last year suggests that the vacant inventory could be drawn down faster than most outside observers would guess. In that case, the recent investors in Austin's offices would find the upward pull on rents to be gratifyingly strong and sudden.

Baltimore, Maryland: Office

Baltimore, Towson, Hunt Valley, and Howard County

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	6,532,356	10,914,397	6,833,493	4,745,257
Vacant	950,120	2,295,409	1,314,268	725,115
Vacancy Rate	14.5%	21.0%	19.2%	15.3%
Vacant Sublease	n/a	42,051	n/a	17,446
Under Construction	333,396	523,974	28,000	n/a
Substantial Rehab	n/a	n/a	181,650	n/a
Net Absorption	328,326	683,373	-149,889	-67,294

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	21.00	16.00	13.00	12.00
Highest	29.00	22.50	20.00	17.25
Weighted Average	25.00	18.00	15.00	14.00

Utility Rates: CBD $1.75 per sf
Outside CBD $1.50 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 4,000 sf
Outside CBD - 1 per 250 sf

Standard Work Letter: $18.00 per sf

Operating Cost Escalation: Fixed % increase - Expense Stops $7.50

Cumulative Discount Rate: 10-20%

Landlord Concessions
- Rental Abatement
- Lease Assumptions
- Interior Improvements

Leasing Activity Profile

Major Activity
- Insurance
- Finance/Banking
- Government

Minor Activity
- Legal/Accounting
- Business Services
- Sales
- Engineering/Architecture
- Energy

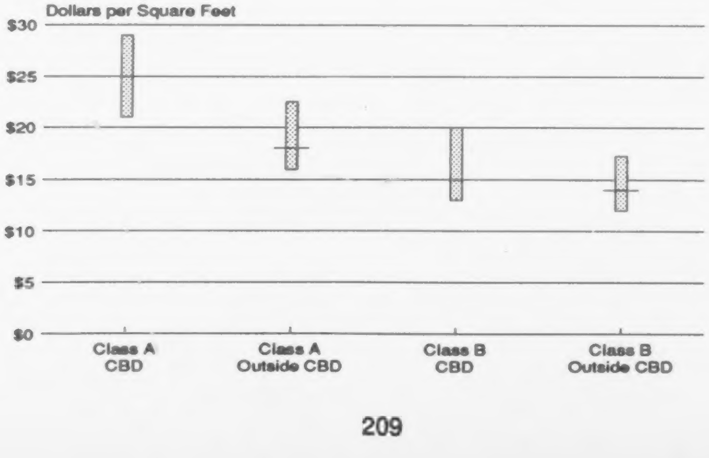
Demographics

		Rank
Population:	2,357,506	15
Population Growth Rate:	0.77%	
Unemployment Rate:	4.50%	
Median Household Income:	$35,426	11
Cost of living Index:	n/a	n/a

Outlook

Absorption	Same
Construction	Down
Vacancies	Same
Rental Rates	Same
Landlord Concessions	Same

Rental Rates
Baltimore



1989 Review

With a population base of almost 2.4 million people, the Baltimore metropolitan area supports a comparatively small office market of 29 million sq. ft. Of the major cities in the Boston-Washington corridor, Baltimore is perhaps the least advanced in the structural shift toward white-collar service jobs. Growth patterns in the metropolitan area have seen the suburban markets gaining at the expense of the central business district. The Interstate 95 corridor leading south to Washington, D.C., the planned city of Columbia in Howard County, and the Towson suburban market on the Beltway have been the leading areas during the 1980s. In 1989, demand for office space fell by nearly one-third, with the Class "B" market most severely affected. Where possible, users are relocating to better quality space. The Towson/Hunt Valley area enjoyed the steadiest demand for both leasing and investment sales.

1990 Forecast

Approximately 1.6 million sq. ft. is under construction in the Baltimore area. Notably, no new buildings will be completed in the CBD during 1990. Some new business activity is coming from foreign firms. Technology-based service companies will be restrained by the slowdown in defense. A drop in absorption is forecast for the Towson submarket. The prognosis is for an extended period of slow growth, with the suburbs continuing to capture the majority of the area's business expansion.

Birmingham, Alabama: Office

Birmingham, Riverchase, Homewood, and Vestavia

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	2,435,578	3,583,903	1,783,113	3,570,484
Vacant	295,147	983,305	554,466	693,062
Vacancy Rate	12.1%	27.4%	31.1%	19.4%
Vacant Sublease	n/a	n/a	n/a	n/a
Under Construction	0	1,007,023	0	0
Substantial Rehab	0	0	0	0
Net Absorption	0	83,400	0	43,937

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	14.50	13.50	9.50	9.50
Highest	18.00	17.50	13.50	13.25
Weighted Average	n/a	n/a	n/a	n/a

Utility Rates: CBD $1.85 per sf
Outside CBD $1.76 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 1,000 sf
Outside CBD - 1 per 200 sf

Standard Work Letter: $12.00 per sf, typically based on dollars per square foot

Operating Cost Escalation: Stop - $4.00-$4.50

Cumulative Discount Rate: n/a

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements
- Signing Bonuses

Leasing Activity Profile

Major Activity
- Medical & Research

Minor Activity
- Legal/Accounting
- Insurance
- Business Services
- Sales
- Finance/Banking
- Engineering/Architecture
- Government
- Energy

Demographics

		Rank
Population:	940,000	44
Population Growth Rate:	0.90%	
Unemployment Rate:	5.90%	
Median Household Income:	$24,614	85
Cost of living Index:	98.5	43

Outlook

Absorption	Same
Construction	Same
Vacancies	Same
Rental Rates	Down 5%
Landlord Concessions	Up 5%

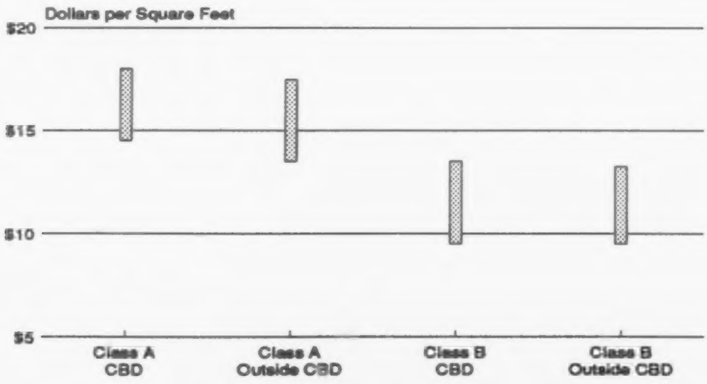
1989 Review

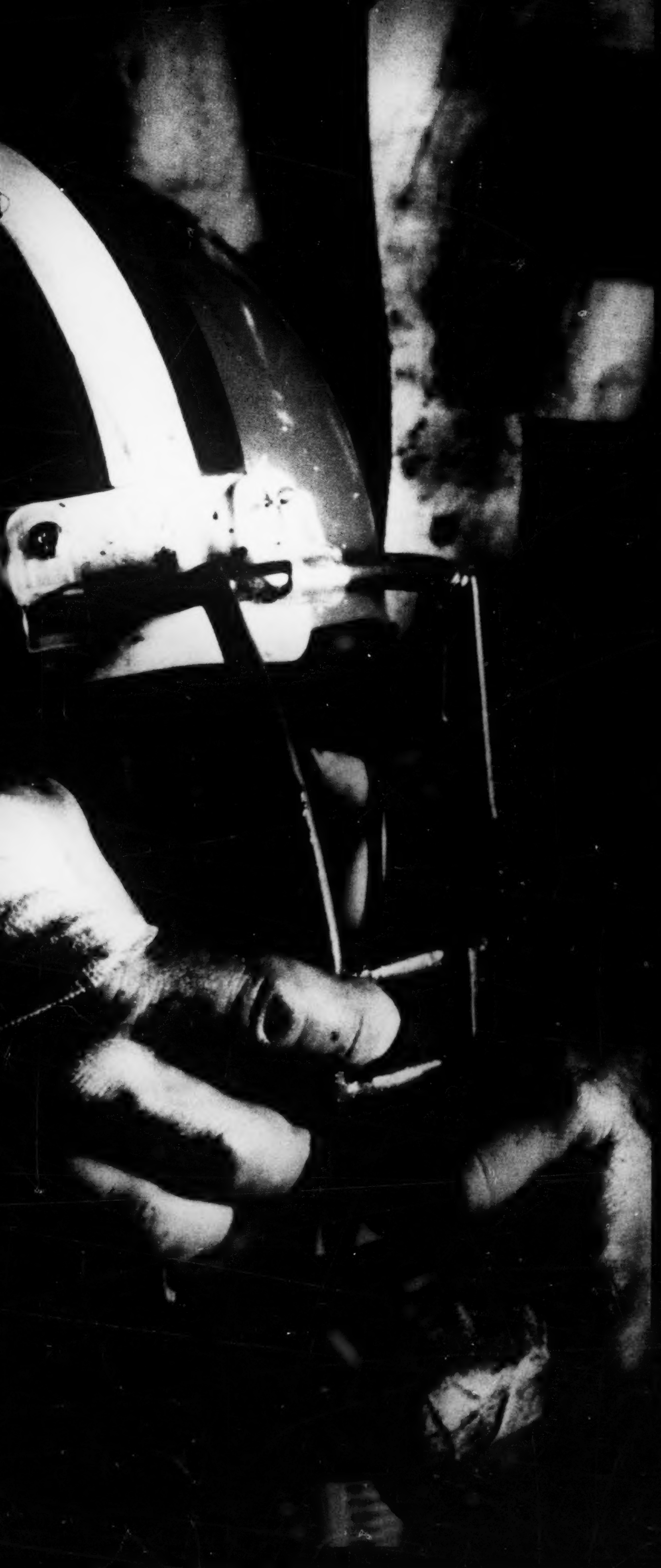
Demand for office space was steady in 1989. Downtown occupancy was virtually unchanged over the year, and Class "A" buildings in the CBD had the strongest utilization rate, nearly 88 percent. The suburban market saw net absorption of 127,000 sq. ft. for the year. Marketwide, the vacancy rate was 22.2 percent of the 11.4 million sq. ft. inventory. Birmingham's principal growth industry is health services, which employs nearly 10 percent of the total workforce in the metropolitan area. The University of Alabama Medical Center is the largest single force in the local economy and it is ever expanding. The office market was intensely competitive during 1989. While nominal rents posted a gain over the previous year, a long list of leasing concessions was available to tenants to effect a substantial discount over the lease term.

1990 Forecast

The amount of new construction facing the market will stiffen market competition even further in 1990. Some retrenchment in rents is expected and steeper discounts will be offered to attract tenants. There will probably be further development activity as the year progresses, most likely in the I-280 corridor. Preleasing levels of 50 percent will be needed to fund construction loans. The longer range outlook of SIOR's market reporters is for continued expansion in an increasingly diversified local economy.

Rental Rates
Birmingham





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Boston, Massachusetts: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	27,200,000	40,900,000	10,300,000	-
Vacant	2,400,000	7,800,000	1,400,000	-
Vacancy Rate	8.8%	19.1%	13.6%	-
Vacant Sublease	365,000	200,000	73,000	-
Under Construction	3,100,000	4,000,000	540,000	-
Substantial Rehab	n/a	n/a	n/a	-
Net Absorption	700,000	1,600,000	300,000	-

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	22.00	15.00	18.00	-
Highest	58.00	30.00	28.00	-
Weighted Average	32.00	22.00	22.00	-

Utility Rates: CBD $0.50-0.75 per sf
Outside CBD $0.50-0.75 per sf
Separately Metered

Parking Ratio: CBD - 1 per 1,000 sf
Outside CBD - 1 per 300 sf

Standard Work Letter: $25.00 per sf, typically based on dollars per square foot

Operating Cost Escalation:
Base Year & Stop - $4.00-$5.50

Cumulative Discount Rate: 10-20%
Landlord Concessions
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements
- Signing Bonuses
- 3-10 Months Free Rent
- Workletters $10-$40/sf

Leasing Activity Profile
Major Activity
- Government

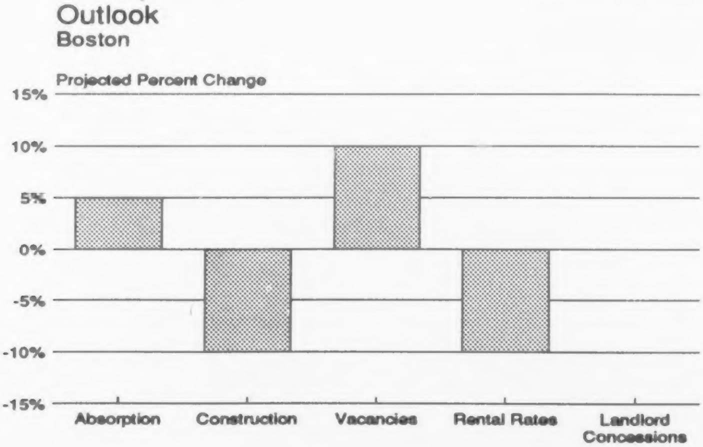
Minor Activity
- Legal/Accounting
- Insurance
- Business Services
- Sales
- Finance/Banking
- Engineering/Architecture
- Energy

Demographics

		Rank
Population:	2,861,284	9
Population Growth Rate:	0.22%	
Unemployment Rate:	3.80%	
Median Household Income:	$39,054	6
Cost of living Index:	n/a	n/a

Outlook

Absorption	Up 5%
Construction	Down 10%
Vacancies	Up 10%
Rental Rates	Down 10%
Landlord Concessions	Same



1989 Review

A regional office recession has arrived with a vengence in Boston, which enjoyed one of the most booming white-collar economies of the 1980s. The combination of high technology firms, and the venture capitalists who supported them, proved as volatile a mix in the compression stage of the cycle as they were in the period of expansion. Locally, the prestigious Bank of New England was required to take substantial write-offs to reflect the nonperforming loans in its real estate portfolio. Vacancy rates in Class "A" suburban space rose toward 20 percent. While Class "A" space in the Financial District and Back Bay remained relatively firm, 1989's construction activity was four times the level of the year's net absorption, portending an erosion of the occupancy rate. Back office relocations from Boston to lower cost suburban markets were still active. Foreign investors have kept their high level of interest in purchasing top-rank office buildings in the Boston area.

1990 Forecast

Economic growth, as measured by employment and income, is expected to edge forward no faster than one percent annually for the next few years. Vacancies can be expected to rise in 1990, and the remaining speculative construction activity in suburban areas should be winding down. Rental rates are subject to downward pressure, as much as ten percent in the view of SIOR's local market reporters, even in the face of landlord concessions now amounting to 10 to 20 percent of base rents.

Buffalo, New York: Office

Buffalo, Amherst, Tonawanda, and Cheektowaga

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	2,542,364	874,560	1,883,900	1,118,820
Vacant	108,000	204,400	373,780	173,400
Vacancy Rate	4.2%	23.4%	19.8%	15.5%
Vacant Sublease	0	0	25,000	50,000
Under Construction	650,000	75,000	0	41,150
Substantial Rehab	28,000	0	0	0
Net Absorption	15,000	45,000	30,000	55,000

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	18.00	16.00	12.00	13.00
Highest	24.00	19.00	17.00	16.50
Weighted Average	21.45	18.20	15.29	13.53

Utility Rates: CBD $1.15 per sf
Outside CBD $1.25 per sf
Separately Metered

Parking Ratio: CBD - 1 per 1,000 sf
Outside CBD - 1 per 400 sf

Standard Work Letter: $13.50 per sf, typically based on dollars per square foot

Operating Cost Escalation: Base Year

Cumulative Discount Rate: 10-15%

Landlord Concessions
- Parking
- Lease Assumptions

Leasing Activity Profile

Major Activity
- Finance/Banking
- Government

Minor Activity
- Legal/Accounting
- Insurance
- Business Services
- Sales
- Engineering/Architecture

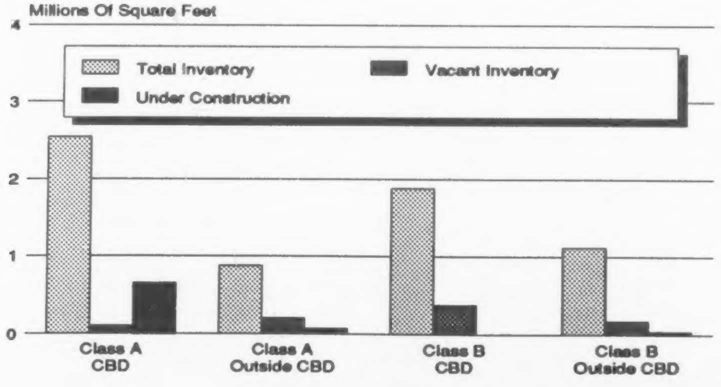
Demographics

		Rank
Population:	949,387	42
Population Growth Rate:	-0.74%	
Unemployment Rate:	5.70%	
Median Household Income:	$29,324	55
Cost of living Index:	107.2	15

Outlook

Absorption	Same
Construction	Same
Vacancies	Up
Rental Rates	Same
Landlord Concessions	Up

Market Inventory
Buffalo

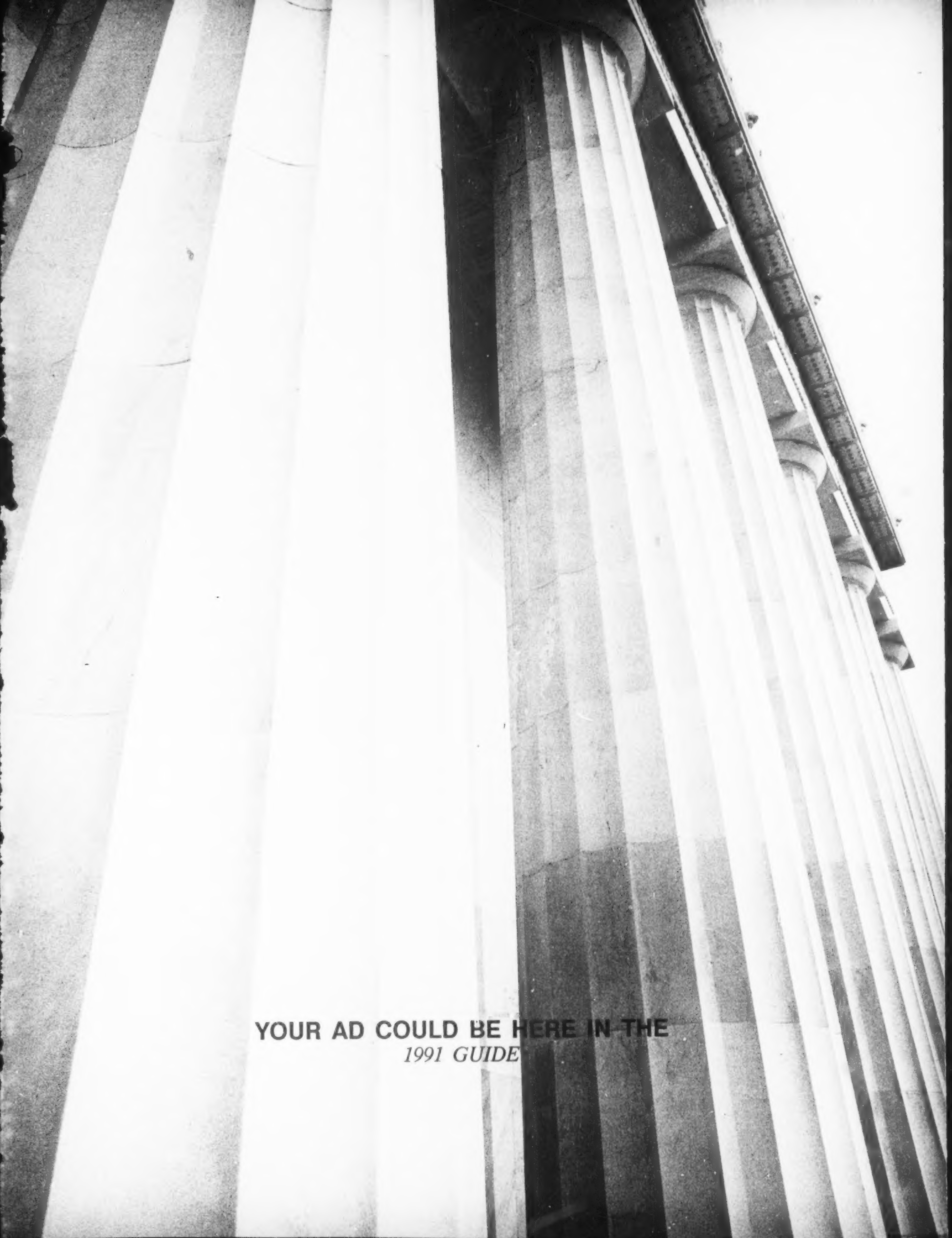


1989 Review

The western New York State economy once again sustained an encouraging advance in the Buffalo metropolitan office market in 1989. Several major leases were announced during the year as the major development downtown, the Key Tower, moved along in its construction program. Demand did appear to stall late in the year. Two large local savings banks - Goldome and Empire - were reported to be struggling in the final quarter, and concern that the S&L problems affecting other parts of the country were surfacing on the shores of Lake Erie began to shadow the market. The comparatively low cost of Buffalo office space is a major attraction for tenants, and the availability of inexpensive hydropower helps keep operating utility costs at managable levels. Suburban properties captured nearly 70 percent of all office absorption in the Buffalo metropolitan area.

1990 Forecast

SIOR's observers anticipate a rise in vacancies in 1990, as construction volumes again run ahead of net absorption. Face rates on rents should be stable, but landlord concessions may need to be more generous than the current 10 to 15 percent discounts. The market will feel the effects of Goldome's recycling of 150,000 sq. ft. of leased space. On the development front, the most significant potential start is a 220,000 sq. ft. downtown project on the site of the former Chambers Building.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1991 GUIDE

Charleston, South Carolina: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	300,000	1,200,000	200,000	400,000
Vacant	30,000	150,000	25,000	30,000
Vacancy Rate	10.0%	12.5%	12.5%	7.5%
Vacant Sublease	10,000	20,000	n/a	n/a
Under Construction	0	200,000	n/a	n/a
Substantial Rehab	0	0	20,000	0
Net Absorption	40,000	60,000	20,000	25,000

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	15.00	13.50	8.00	6.00
Highest	20.00	16.50	12.00	9.00
Weighted Average	16.00	14.00	9.00	7.50

Utility Rates: CBD $1.00-1.50 per sf
Outside CBD $1.00-1.50 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 300 sf
Outside CBD - 1 per 300 sf

Standard Work Letter: $10.00 per sf, typically based on dollars per square foot

Operating Cost Escalation: Base Year

Cumulative Discount Rate: 5-10%

Landlord Concessions
- Rental Abatement
- Lease Assumptions
- Interior Improvements

Leasing Activity Profile

Major Activity
- Business Services
- Finance/Banking

Minor Activity
- Legal/Accounting
- Insurance
- Sales
- Engineering/Architecture
- Government
- Energy

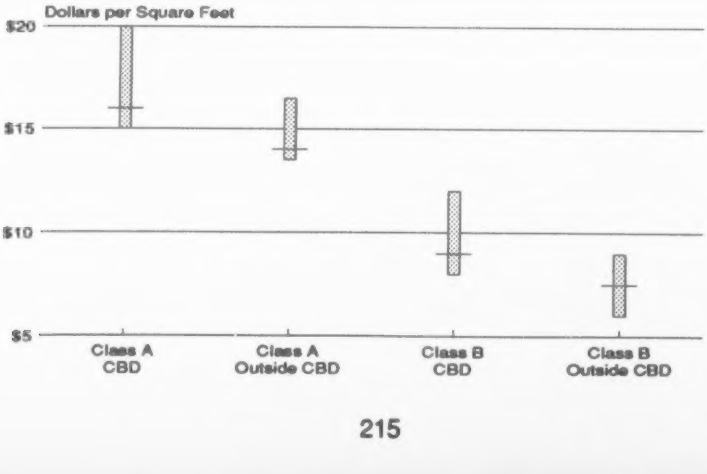
Demographics

		Rank
Population:	519,807	69
Population Growth Rate:	2.12%	
Unemployment Rate:	4.20%	
Median Household Income:	$27,430	68
Cost of living Index:	97.5	47

Outlook

Absorption	Up 5%
Construction	Same
Vacancies	Same
Rental Rates	Same
Landlord Concessions	Down 2-5%

Rental Rates
Charleston



1989 Review

Demand for new office space was reported to be soft in the Charleston economy in late 1989, as the area was recovering from the effects of Hurricane Hugo's midnight onslaught in September. Balance in the market was reasonably sound, with an 11.4 percent vacancy rate market wide. In this small office market, that translates into a total of 235,000 sq. ft. of available space, compared to 1989's net absorption of 145,000 sq. ft. and the 200,000 sq. ft. of new development currently underway. Rents remained at economical levels, and concessions at a discount of five to 10 percent from the face rate were not symptomatic of landlord distress.

1990 Forecast

This market is expected to stabilize early in 1990, and resume growth later in the year as the effects of Hugo are put behind. With 200,000 sq. ft. of new product coming on stream - in several projects - user relocations and expansions are expected to be more prevalent. Absorption is projected to rise to the 150,000 - 160,000 sq. ft. range. Landlord concessions may tighten a bit, as more tenants compete for the available space.

Charlotte, North Carolina: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	4,606,584	6,279,315	3,055,300	3,458,857
Vacant	418,000	1,074,290	357,400	1,105,724
Vacancy Rate	9.1%	17.1%	11.7%	32.0%
Vacant Sublease	25,000	20,000	20,000	50,000
Under Construction	2,000,000	0	0	0
Substantial Rehab	0	0	200,000	150,000
Net Absorption	75,000	400,000	25,000	100,000

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	17.50	17.50	13.00	12.00
Highest	25.00	20.50	16.50	15.00
Weighted Average	18.50	18.00	15.00	13.75

Utility Rates: CBD $1.65 per sf
Outside CBD $1.65 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 1,000 sf
Outside CBD - 1 per 250 sf

Standard Work Letter: n/a, typically based on dollars per square foot

Operating Cost Escalation: Bas[illegible] & Stop - All cost over psf oper. c[illegible]

Cumulative Discount Rate: 20-25%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements
- Equity

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance
- Business Services
- Finance/Banking
- Engineering/Architecture

Minor Activity
- Sales
- Government

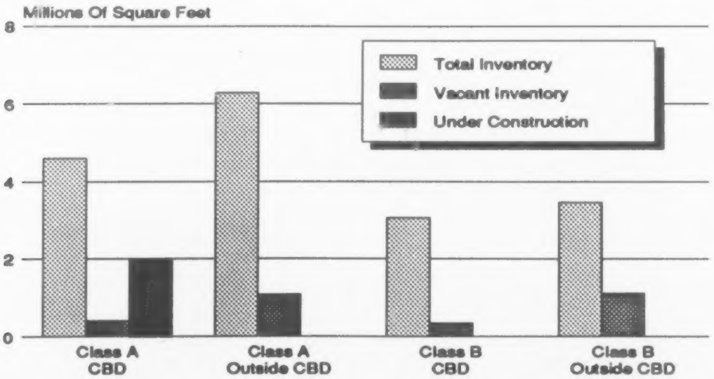
Demographics

		Rank
Population:	1,123,115	33
Population Growth Rate:	1.63%	
Unemployment Rate:	3.20%	
Median Household Income:	$29,891	48
Cost of living Index:	99.6	39

Outlook

Absorption	Same
Construction	Same
Vacancies	Down 4-5%
Rental Rates	Up 10%
Landlord Concessions	Down 5-10%

Market Inventory
Charlotte



1989 Review

Long a trade and distribution center for the Carolinas, Charlotte has become a major force in financial services during the 1980s. The area seems to be high on everyone's relocation list, a statewide characteristic of growth. Mid-sized corporate offices and regional headquarters continue to be established in the market. The marketwide vacancy rate of 17.2 percent was high, but this represents the inventory expansion typical of vital young markets. In the CBD, the availability rate was a more modest 9.1 percent. Weighted average rents were low throughout the Charlotte market, and a full menu of landlord concessions provided effective rental discounts of as much as 25 percent of face amounts.

1990 Forecast

There is some reason to believe that a pause in Charlotte's booming growth may be at hand. SIOR's market reporter indicated that demand is slowing, and that 1990 absorption may simply match last year's 600,000 sq. ft. This is not encouraging news for a market with two million sq. ft. under construction in the CBD alone. Timing is of the essence, and these major downtown towers will not be available until 1991 - 1992. Until these are open, CBD space will tighten further and rental rates are expected to rise 10 percent. No new speculative construction is anticipated outside the CBD. Toward year-end a clearer picture of the prospects for the effects of the downtown construction should come into clearer focus.

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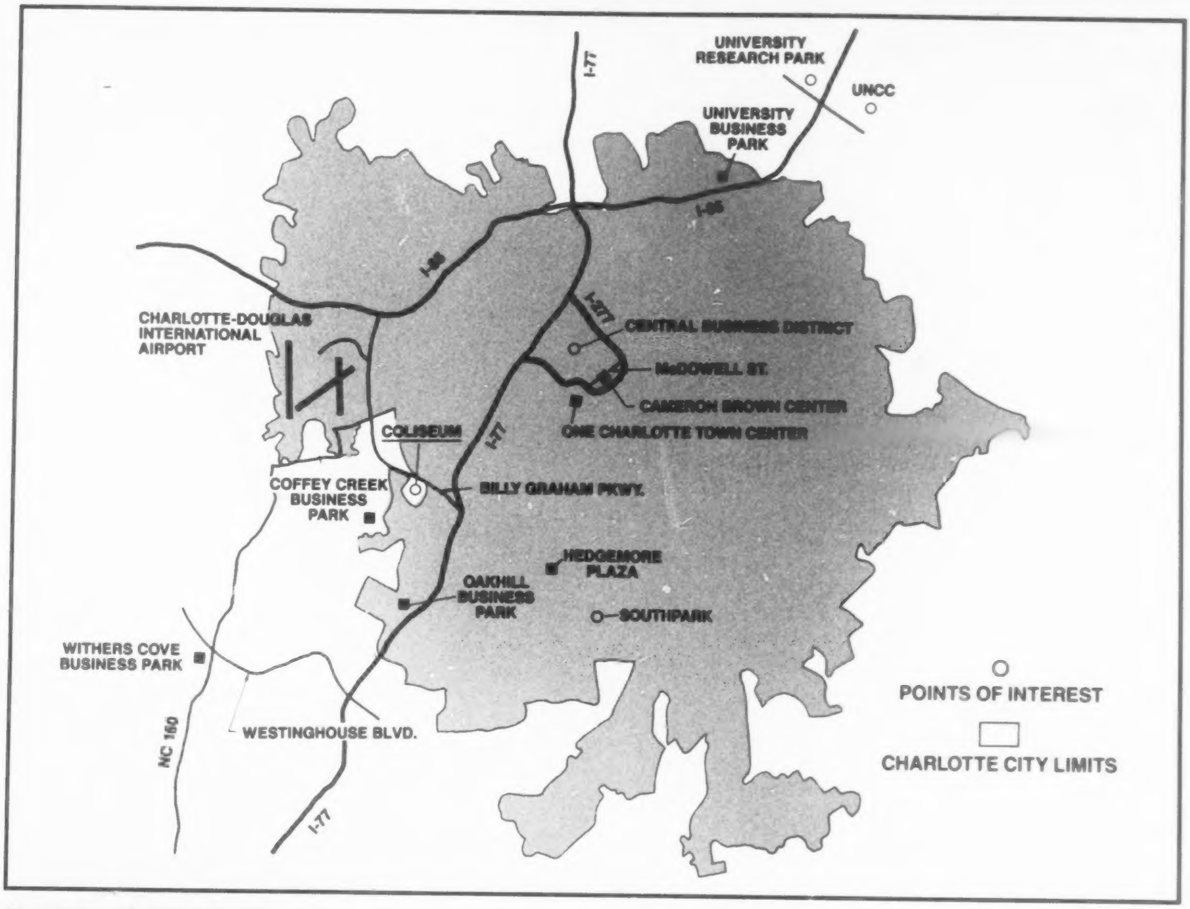
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UNIVERSITY RESEARCH PARK
UNCC
UNIVERSITY BUSINESS PARK
I-85
I-85
I-277
CHARLOTTE-DOUGLAS INTERNATIONAL AIRPORT
CENTRAL BUSINESS DISTRICT
McDOWELL ST.
CAMERON BROWN CENTER
ONE CHARLOTTE TOWN CENTER
COLISEUM
I-77
COFFEY CREEK BUSINESS PARK
BILLY GRAHAM PKWY.
HEDGEMORE PLAZA
OAKHILL BUSINESS PARK
SOUTHPARK
WITHERS COVE BUSINESS PARK
NC 160
WESTINGHOUSE BLVD.
I-77
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☐ CHARLOTTE CITY LIMITS

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COFFEY CREEK BUSINESS PARK
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OAKHILL BUSINESS PARK
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1991 GUIDE

Chattanooga, Tennessee: Office

Market Data

	Class A		Class B	
Inventory (sf)	CBD	Outside CBD	CBD	Outside CBD
Total	1,030,400	261,701	861,785	985,436
Vacant	164,864	23,553	241,300	118,252
Vacancy Rate	16.0%	9.0%	28.0%	12.0%
Vacant Sublease	n/a	n/a	n/a	n/a
Under Construction	0	400,000	0	0
Substantial Rehab	75,000	0	0	0
Net Absorption	100,000	25,000	0	10,000

	Class A		Class B	
Rental Rates ($/sf)	CBD	Outside CBD	CBD	Outside CBD
Lowest	14.00	8.50	5.00	3.50
Highest	16.00	12.00	7.50	5.00
Weighted Average	-	-	-	-

Utility Rates: CBD n/a
Outside CBD n/a
Not Separately Metered

Parking Ratio: CBD - n/a
Outside CBD - 1 per 750 sf

Standard Work Letter: $15.00 per sf, typically based on 3-5 yr lease

Operating Cost Escalation: Stop - Base year of lease

Cumulative Discount Rate: 0%
Landlord Concessions
- Moving Allowance
- Interior Improvements

Leasing Activity Profile
Major Activity
- Legal/Accounting
- Insurance

Minor Activity
- Business Services
- Sales
- Finance/Banking
- Government

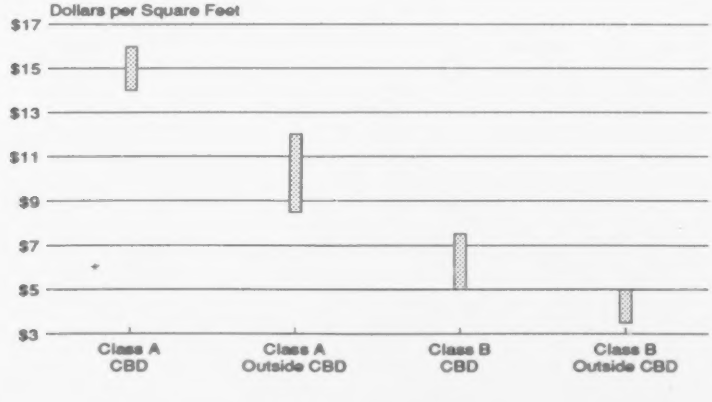
Demographics

		Rank
Population:	435,070	77
Population Growth Rate:	0.22%	
Unemployment Rate:	4.20%	
Median Household Income:	$24,802	83
Cost of living Index:	90.2	73

Outlook

Absorption	Up 10%
Construction	n/a
Vacancies	Down 10%
Rental Rates	Same
Landlord Concessions	n/a

Rental Rates
Chattanooga



1989 Review

Two major development nodes are the dominant office market stories for 1989. The Hamilton Place retail mall at the eastern edge of the market has stimulated the development of a number of modern suburban office projects. Simultaneously, Chattanooga's new Aquarium on the river at the north end of town has drawn development interest to its vicinity. Overall, though, demand for the product is growing ever so slowly as the local economy pushes forward at a pokey pace. The 135,000 sq. ft. of net absorption registered last year amounted to one-quarter of the existing vacancy, but the market inventory expanded steadily with 475,000 sq. ft. of new or rehabilitated space in the pipeline. Rents downtown were a healthy $14 - $16 per sq. ft., with no concessionary discounts. Class "B" space, both downtown and suburban, can be leased at nominal rents.

1990 Forecast

SIOR's market respondent thinks conditions will improve over the year, forecasting a 10 percent increase in absorption and a similar decrease in vacancies. Demand is seen as coming from the insurance, legal and accounting industries for the most part. A lull in the Mid-South region is something of a risk to the forecast, and Chattanooga's comparatively thin economic base increases the uncertainty factor substantially.

Chicago, Illinois: Office

CBD

Market Data

	Class A		Class B	
Inventory (sf)	CBD	Outside CBD	CBD	Outside CBD
Total	45,583,000	-	44,104,000	-
Vacant	5,077,000	-	6,427,000	-
Vacancy Rate	11.1%	-	14.6%	-
Vacant Sublease	1,694,000	-	n/a	-
Under Construction	5,567,000	-	0	-
Substantial Rehab	0	-	828,000	-
Net Absorption	1,648,000	-	n/a	-

	Class A		Class B	
Rental Rates ($/sf)	CBD	Outside CBD	CBD	Outside CBD
Lowest	28.00	-	20.00	-
Highest	40.00	-	30.00	-
Weighted Average	35.00	-	25.00	-

Utility Rates: CBD $1.50 per sf Separately Metered

Parking Ratio: CBD - n/a

Standard Work Letter: $16.50 per sf, typically based on $/sf & quantity of materials

Operating Cost Escalation: Base Year & Stop

Cumulative Discount Rate: 20-40%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements
- Signing Bonuses
- Club Memberships
- Equity

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Business Services
- Sales
- Finance/Banking
- Engineering/Architecture
- Government
- Health Care
- Technology

Minor Activity
- Insurance
- Energy

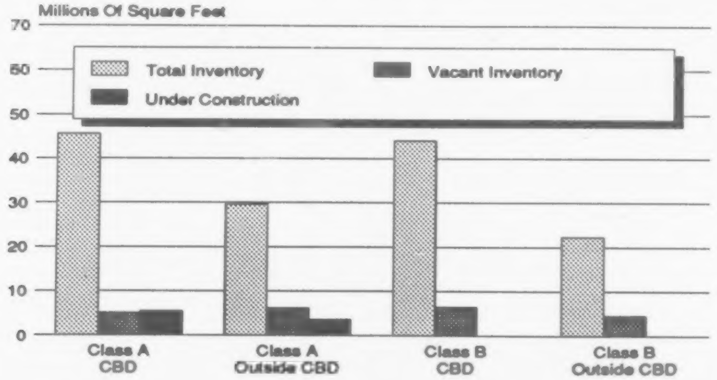
Demographics

		Rank
Population:	6,242,447	4
Population Growth Rate:	0.33%	
Unemployment Rate:	5.50%	
Median Household Income:	$32,453	26
Cost of living Index:	n/a	n/a

Outlook

Absorption	Same
Construction	Up 10%
Vacancies	Up 5%
Rental Rates	Up 5%
Landlord Concessions	Same

Market Inventory
Chicago



1989 Review

Absorption levels in the Chicago market eased considerably when compared with the outstanding demand registered in the previous few years. The Loop and North Michigan Avenue ended the Eighties in excellent shape, particularly when the high levels of construction for the decade are taken into perspective. Weighted average rents in the core market were toward the high end of the $28 - $40 per sq. ft. range. A lengthy list of landlord concessions, however, suggested that early cash flow on leases may be less than meets the untrained eye. The breadth of the components of demand was impressive, and strong evidence of the diversified economic base of the area. Suburban market conditions were an order of magnitude weaker, with vacancies topping 20 percent.

1990 Forecast

The outlook for 1990 is mixed, in the view of SIOR's Chicago survey respondents. Vacancies are anticipated to move upward on the basis of the presently high level of construction. Also the announcement by Sears that it would relocate 6,000 employees from the Sears Tower to suburban locations could make a major dent in that availability rate. Rental rates, though, are likewise forecast to increase at a five percent rate. In the present environment, new CBD office projects will go forward only when the developer has a lead tenant signed up. On a positive note, few large relocations were undertaken in 1989, but several large deals will be announced during 1990.

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Chicago, Illinois: Office

Outside CBD

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	-	29,623,000	-	22,277,000
Vacant	-	6,225,000	-	4,616,000
Vacancy Rate	-	21.0%	-	20.7%
Vacant Sublease	-	1,521,000	-	n/a
Under Construction	-	3,617,000	-	0
Substantial Rehab	-	0	-	0
Net Absorption	-	1,724,000	-	n/a

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	-	20.00	-	15.00
Highest	-	30.00	-	20.00
Weighted Average	-	24.00	-	17.00

Utility Rates: Outside CBD $1.00 per sf
Separately Metered

Parking Ratio: OutCBD - 1 per 300 sf

Standard Work Letter: $16.50 per sf, typically based on $/sf & quantity of materials

Operating Cost Escalation:
Base Year & Stop

Cumulative Discount Rate: 20-40%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements
- Signing Bonuses
- Club Memberships
- Equity

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Business Services
- Sales
- Finance/Banking
- Engineering/Architecture
- Government
- Health Care
- Technology

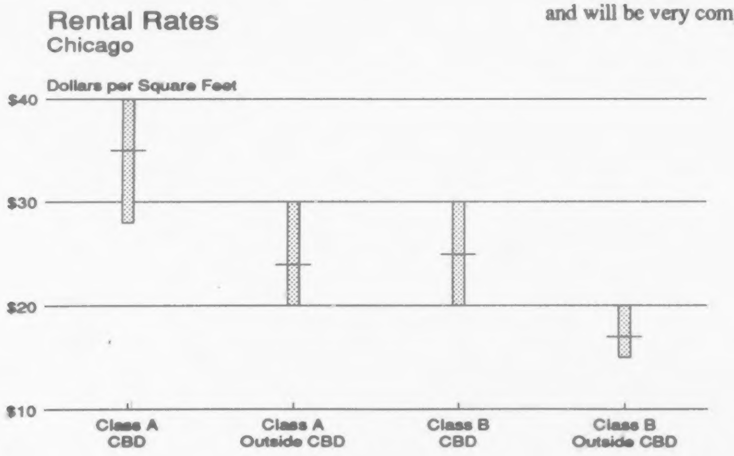
Minor Activity
- Insurance
- Energy

Demographics

		Rank
Population:	6,242,447	4
Population Growth Rate:	0.33%	
Unemployment Rate:	5.50%	
Median Household Income:	$32,453	26
Cost of living Index:	n/a	n/a

Outlook

Absorption	Same
Construction	Up 10%
Vacancies	Up 5%
Rental Rates	Up 5%
Landlord Concessions	Same


Rental Rates
Chicago

1989 Review

Chicago's suburban markets contained nearly 52 million sq. ft. of office inventory as of 1989, about 37 percent of the metropolitan area's total. Both Class "A" and Class "B" space were in an oversupplied condition, with vacancies measured at 21 percent. This represented a three percentage point rise in availabilities during the year, as absorption during 1989 was only 48 percent of the volume of new construction entering the market. Rents also retreated from the levels reported in last year's *Guide*, as heavy discounting pervaded the market. The size and variety of concessions offered as inducements to prospective tenants was as generous as in any market in the country. Major leasing activity in 1989 came from several financial tenants, health care companies and the rapidly expanding law firms in the Chicago area.

1990 Forecast

Significantly less building will be going into the ground in recognition of the softness of the market and because construction financing requirements will be more stringent. The regional economy has been booming during the late Eighties, but the rate of expansion is cooling down. The Sears relocation is the largest single event affecting the market, bringing 6,000 employees out of the Loop and into the suburbs. The stronger suburban areas appear to be the East-West corridor along I-88 to Naperville and the attractive office market near O'Hare Airport. The Northwest suburbs of Woodfield and Schaumberg have abundant space available and will be very competitive in 1990.

One Picture is Worth a Thousand Words.

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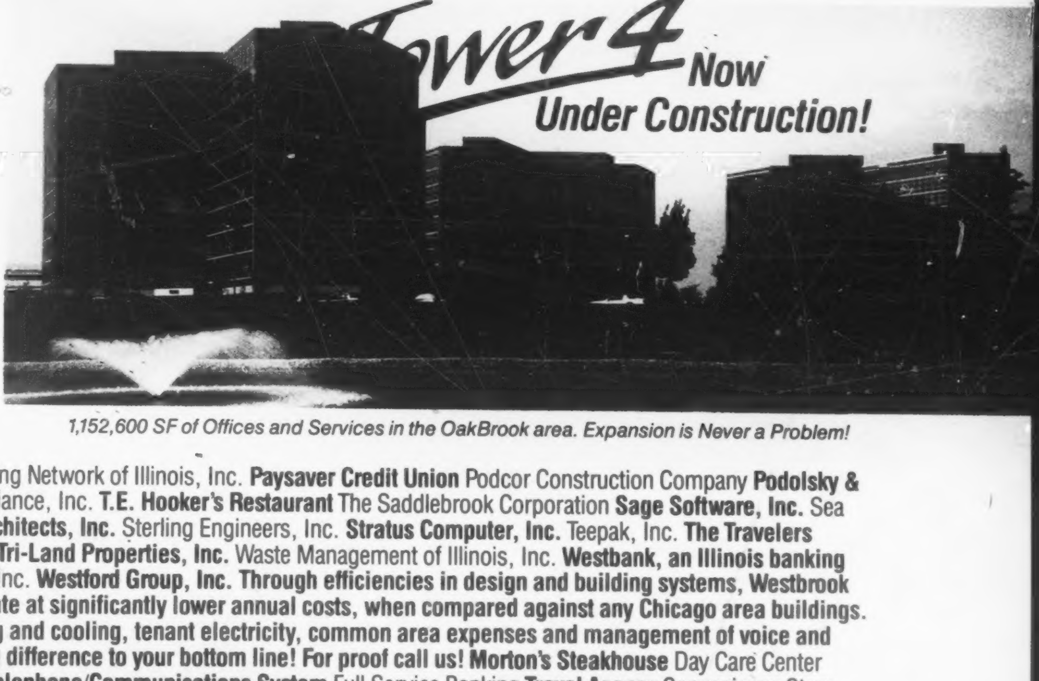

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Cincinnati, Ohio: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	6,085,000	5,210,805	3,200,000	3,840,075
Vacant	220,000	590,000	1,314,045	635,000
Vacancy Rate	3.6%	11.3%	41.1%	16.5%
Vacant Sublease	89,000	45,000	n/a	n/a
Under Construction	2,300,000	2,000,500	0	650,000
Substantial Rehab	100,000	n/a	75,000	n/a
Net Absorption	258,000	170,000	187,000	75,000

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	13.50	10.00	9.00	9.00
Highest	26.00	18.00	14.00	13.00
Weighted Average	22.00	14.50	10.50	11.50

Utility Rates: CBD $1.25 per sf
Outside CBD $1.25 per sf
Separately Metered

Parking Ratio: CBD - 1 per 1,000 sf
Outside CBD - 1 per 200 sf

Standard Work Letter: $12.00 per sf, typically based on dollars per square foot

Operating Cost Escalation:
Base Year & Stop - $4.50

Cumulative Discount Rate: 11-15%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Business Services

Minor Activity
- Insurance
- Sales
- Finance/Banking

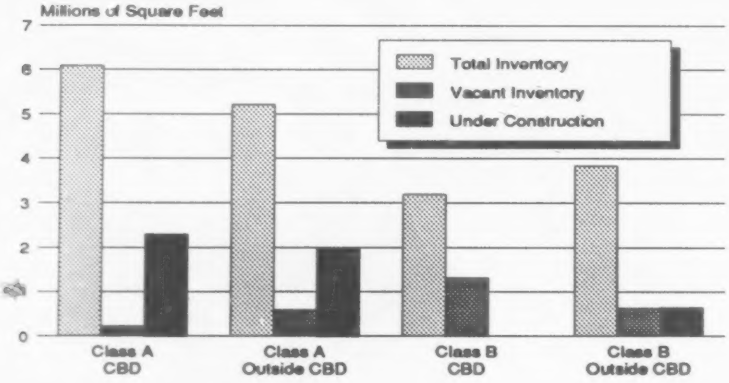
Demographics

		Rank
Population:	1,459,131	23
Population Growth Rate:	0.45%	
Unemployment Rate:	4.00%	
Median Household Income:	$29,934	46
Cost of living Index:	n/a	n/a

Outlook

Absorption	Same
Construction	Up 20%
Vacancies	Down 6-10%
Rental Rates	Up 6-10%
Landlord Concessions	Same

Market Inventory
Cincinnati



1989 Review

Downtown Class "A" space is extremely tight, and Cincinnati's reputation as an attractive business center is on the rise. With 16 Fortune 500 headquarters and an unemployment rate of only four percent, the reputation seems well deserved. Corporate relocations and expansions have been the trigger for recent growth in the metropolitan area. SIOR's reporters now identify law firms, accounting firms and other business services as the principal sources of leasing activity. Suburban office centers had more flexibility, although occupancy in Class "A" suburban facilities was still a strong 89 percent. Weakness was concentrated in the older properties, especially downtown. Cincinnati's diversified economy with special strength in the key consumer products sector has stood it in good stead during the past year. As the U.S. headquarters city for the Campeau Federated Stores organization, however, there was some reason to think that some sectors were slowing as 1989 drew to a close.

1990 Forecast

Three new office projects are scheduled for completion in late 1990 and early 1991, and these should open up the Class "A" market downtown. The suburban market enters the year in very weak shape, though. Landlords there are offering 25 percent discounts when the lease concession packages are summed up. Marketwide, the year is expected to be a good one. Rents are projected to rise, and vacancies should fall in the range of six to 10 percent.

Cleveland, Ohio: Office

Market Data

	Class A		Class B	
Inventory (sf)	CBD	Outside CBD	CBD	Outside CBD
Total	7,593,000	12,057,000	8,551,000	2,010,000
Vacant	364,464	2,218,488	1,023,920	248,000
Vacancy Rate	4.8%	18.4%	12.0%	12.3%
Vacant Sublease	92,000	146,000	67,500	82,000
Under Construction	3,033,000	545,000	0	100,000
Substantial Rehab	540,000	0	0	0
Net Absorption	156,000	769,400	56,000	12,000

	Class A		Class B	
Rental Rates ($/sf)	CBD	Outside CBD	CBD	Outside CBD
Lowest	15.50	16.50	13.75	12.25
Highest	30.00	21.00	17.00	14.00
Weighted Average	24.00	18.00	15.25	13.25

Utility Rates: CBD $0.95 per sf
Outside CBD $0.95 per sf
Separately Metered

Parking Ratio: CBD - 1 per 1,000 sf
Outside CBD - 1 per 200 sf

Standard Work Letter: $25.00 per sf, typically based on quantity of materials

Operating Cost Escalation: Base Year

Cumulative Discount Rate: 17%

Landlord Concessions
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance
- Business Services
- Sales
- Finance/Banking
- Engineering/Architecture
- Government
- Corporate H.Q.

Minor Activity
- Energy

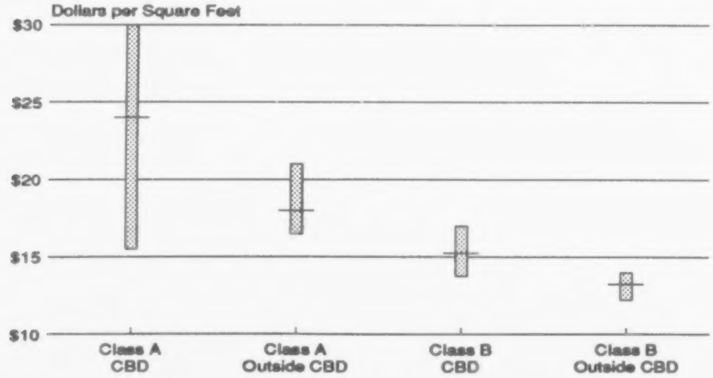
Demographics

		Rank
Population:	1,856,969	19
Population Growth Rate:	-0.25%	
Unemployment Rate:	4.40%	
Median Household Income:	$30,296	42
Cost of living Index:	109.5	11

Outlook

Absorption	Up 50%
Construction	Up 12%
Vacancies	Up 15%
Rental Rates	Up 10%
Landlord Concessions	Up 12%

Rental Rates
Cleveland



1989 Review

Stories of Cleveland's revitalization received increasingly wide circulation during 1989, as one of the "rustbelt's" most prominent casualties rebounded in spectacular fashion. The strength of the local economy was only partly measured by its 4.4 percent unemployment rate. The Class "A" vacancy rate for downtown offices was an equally impressive 4.8 percent, and the availability rate for all CBD space was only 8.6 percent. For the first time in a generation, office construction activity in downtown Cleveland could be counted in the millions of sq. ft. Suburban office demand has also been good, and Class "A" suburban space accounted for three-quarters of the nearly one million sq. ft. of net absorption in the metropolitan area during 1989. Rents stepped up by about 10 percent during the year. One apprehensive signal emerging from the statistics is the growing amount of sublease space available, now 51 percent greater than reported in SIOR's *Guide* just a year ago.

1990 Forecast

This year will see the first addition to the CBD office stock since 1986. Absorption activity should be very strong this year and next, as the new higher-quality space unlocks pent-up demand from corporate users. Leasing activity is expected from virtually every potential demand sector. In a sea-change, Cleveland's firms are now planning for extended growth. While the volume of new construction will be pushing vacancy rates up, the effect will primarily be reflected in the oldest properties. Cleveland's recent experience with hard times should keep overbuilding well within bounds.

Columbia, South Carolina: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	2,500,000	2,100,000	1,200,000	1,200,000
Vacant	500,000	300,000	240,000	360,000
Vacancy Rate	20.0%	14.3%	20.0%	30.0%
Vacant Sublease	20,000	15,000	10,000	5,000
Under Construction	n/a	n/a	n/a	n/a
Substantial Rehab	n/a	n/a	n/a	n/a
Net Absorption	150,000	70,000	10,000	50,000

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	12.00	8.50	10.00	8.00
Highest	18.50	15.00	12.00	10.00
Weighted Average	14.00	12.00	11.00	9.00

Utility Rates: CBD $2.50 per sf
Outside CBD $2.40 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 700 sf
Outside CBD - 1 per 225 sf

Standard Work Letter: $18.00 per sf, typically based on dollars per square foot

Operating Cost Escalation:
Base Year

Cumulative Discount Rate: 20%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements
- Telephone Costs

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Finance/Banking
- Government

Minor Activity
- Insurance
- Business Services
- Sales
- Engineering/Architecture

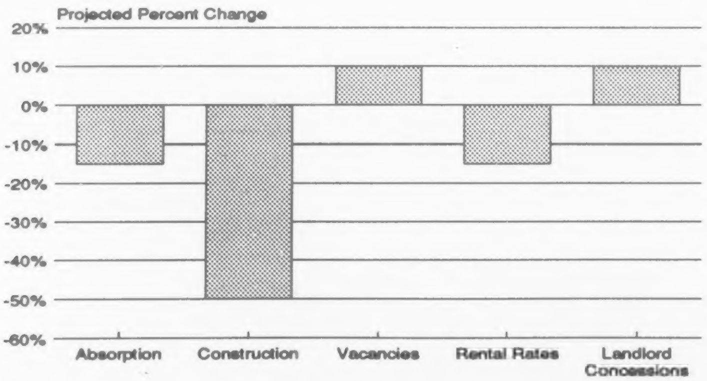
Demographics

		Rank
Population:	464,078	75
Population Growth Rate:	1.38%	
Unemployment Rate:	3.80%	
Median Household Income:	$29,935	45
Cost of living Index:	97.4	50

Outlook

Absorption	Down 15%
Construction	Down 50%
Vacancies	Up 10%
Rental Rates	Down 15%
Landlord Concessions	Up 10%

Outlook
Columbia



1989 Review

An economic base weighted toward government, military and university employment protects Columbia from dramatic cyclical swings, but makes the progress of the local office market a story of small steps forward or backward. 1989 was a year of modest retreat. Demand for office space decelerated during the year, and absorption fell to 280,000 sq. ft. - a decline of 40 percent from the pace reported in last year's SIOR *Guide*. At year-end, overall vacancy in the market stood at 20 percent. Our local observers estimate that a five-year supply of space has been built up in the Columbia market. Lateral tenant movement was common in 1989, as firms were willing to pay higher rents in new buildings. This drove vacancies in poorly located older properties such as the Class "B" suburban stock up to 30 percent.

1990 Forecast

Pressure on the supply side is expected to ease, with speculative office construction in the metropolitan area halting. This should give demand a chance to digest the 2.4 million sq. ft. of available space. The slowing regional economy won't give much of a boost to the Columbia office market in 1990, and most market measures are expected to be down in the perspective of SIOR's reporters. Rents will continue to be very competitive, and upfront concessions offering a cumulative discount of 20 percent of face rents mean that landlords are waiting until the end of lease terms before receiving much economic benefit from their properties.

Columbus, Ohio: Office

Market Data

	Class A		Class B	
Inventory (sf)	CBD	Outside CBD	CBD	Outside CBD
Total	4,400,000	5,950,000	3,400,000	4,800,000
Vacant	754,000	1,190,000	400,000	550,000
Vacancy Rate	17.1%	20.0%	11.8%	11.5%
Vacant Sublease	n/a	n/a	n/a	n/a
Under Construction	0	170,000	136,000	-
Substantial Rehab	0	0	81,000	0
Net Absorption	-20,000	400,000	0	200,000

	Class A		Class B	
Rental Rates ($/sf)	CBD	Outside CBD	CBD	Outside CBD
Lowest	14.50	15.00	11.00	13.00
Highest	23.00	22.00	15.00	16.50
Weighted Average	n/a	n/a	n/a	n/a

Utility Rates: CBD $1.40 per sf
Outside CBD $1.40 per sf
Not Separately Metered

Parking Ratio: CBD - n/a
Outside CBD - 1 per 400 sf

Standard Work Letter: $19.00 per sf

Operating Cost Escalation:
Stop - or triple net

Cumulative Discount Rate: 15%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements

Leasing Activity Profile

Major Activity
- Insurance
- Business Services
- Engineering/Architecture

Minor Activity
- Legal/Accounting
- Sales
- Finance/Banking
- Government

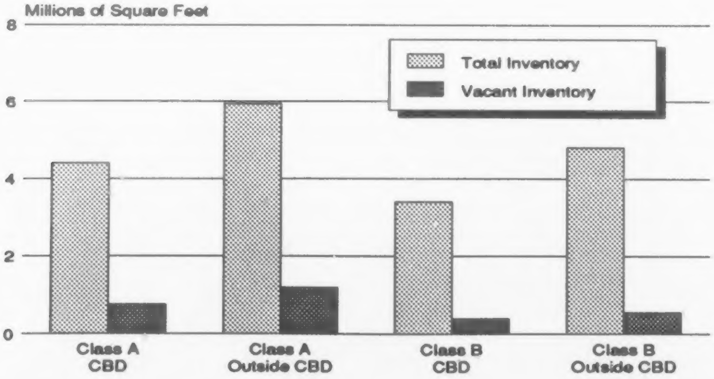
Demographics

		Rank
Population:	1,351,089	28
Population Growth Rate:	0.92%	
Unemployment Rate:	4.30%	
Median Household Income:	$29,080	57
Cost of living Index:	102.4	24

Outlook

Absorption	n/a
Construction	Same
Vacancies	Up 21.4%
Rental Rates	n/a
Landlord Concessions	n/a

Market Inventory
Columbus



1989 Review

The capital of the Buckeye State had one of the fastest growing metropolitan economies in the Midwest in the late 1980s. For the 18.6 million sq. ft. Columbus office market, 1989 was a good year with 580,000 sq. ft. of net absorption, a rate close to the market's long-term average. Leasing activity brought the overall vacancy rate down to 15.6 percent, compared with 18.5 percent a year ago. Companies were trading up in terms of the quality of their space. The majority of demand came from local expansions, with only 15 percent of the net absorption attributable to relocations from outside the market. In 1989, Columbus added about 5,000 new jobs to its economic base. Insurance companies provided a major impetus to growth, as did professional and other business services categories.

1990 Forecast

The completion of Interstate 670 during 1990 will draw office growth east and northeast from the Central Business District. Speculative development will be minimal, though, since financing is tight and substantial preleasing is required by underwriters. Build-to-suit activity is therefore expected to be more common. The immediate risk to further growth in Columbus comes from an enviable problem: the tight labor market (unemployment at 4.3 percent) is such that the demand for workers has now exceeded the supply.

Contra Costa, California: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	4,204,908	14,478,468	-	-
Vacant	608,092	4,068,451	-	-
Vacancy Rate	14.5%	28.1%	-	-
Vacant Sublease	155,485	246,951	-	-
Under Construction	137,000	793,663	-	-
Substantial Rehab	n/a	n/a	-	-
Net Absorption	n/a	n/a	-	-

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	18.50	12.00	15.00	12.00
Highest	30.00	20.00	18.00	16.00
Weighted Average	24.00	15.00	16.00	14.00

Utility Rates: CBD $1.80 per sf
Outside CBD $1.60 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 330 sf
Outside CBD - 1 per 250 sf

Standard Work Letter: $25.00 per sf, typically based on dollars per square foot

Operating Cost Escalation: Base Year - Projected to 95% Occupancy

Cumulative Discount Rate: 15-20%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Business Services
- Sales
- Engineering/Architecture

Minor Activity
- Insurance
- Finance/Banking
- Government
- Energy

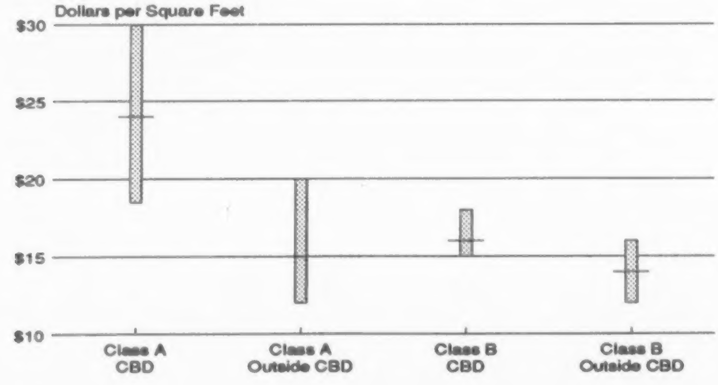
Demographics

		Rank
Population:	n/a	n/a
Population Growth Rate:	0.94%	
Unemployment Rate:	n/a	
Median Household Income:	$34,261	19
Cost of living Index:	n/a	n/a

Outlook

Absorption	Same
Construction	Same
Vacancies	Down 5%
Rental Rates	Same
Landlord Concessions	Down 5%

Rental Rates
Contra Costa



1989 Review

A consistent flow of tenants from San Francisco and the desire of firms to locate in Class "A" space kept demand in Contra Costa County stable in 1989. Though absorption trends were not estimated by SIOR's local reporter, it appears that availabilities in the core markets of the county were reduced by 260,000 sq. ft. during 1989, or 6.2 percent of the CBD inventory, thus allowing vacancies to adjust downward to 14.5 percent. Pockets of speculative development could still be found in the market and total construction activity was nearly one million sq. ft. Rents have moved up a notch at the high-end of the market range, and the effect of concessions in converting face lease rates to effective rents has tightened during the year. The competition to attract tenants was still strong, though, as the typical workletter level of $25 per sq. ft. attests. In an encouraging sign, the amount of sublease space in the market did not grow in the past twelve months.

1990 Forecast

A further tightening of the market is anticipated by SIOR's reporter during 1990. Vacancy is expected to come down by five percent, and landlord lease concessions to tighten by the same amount. The influence of the no growth/slow growth advocates is on the rise, and speculative development is likely to be especially difficult in the coming year. Home prices in this market area are among the highest in the United States, and the increased cost of living for employees may cause firms to move further away from the region's urban centers.

Corpus Christi, Texas: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	890,000	200,000	2,449,005	800,000
Vacant	398,000	35,000	700,000	182,000
Vacancy Rate	44.7%	17.5%	28.6%	22.8%
Vacant Sublease	n/a	n/a	n/a	n/a
Under Construction	0	0	0	0
Substantial Rehab	n/a	n/a	n/a	n/a
Net Absorption	n/a	n/a	n/a	n/a

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	14.00	10.20	9.00	7.80
Highest	19.20	12.50	12.66	10.20
Weighted Average	16.00	10.80	10.00	9.00

Utility Rates: CBD $1.80 per sf
Outside CBD $1.50 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 400 sf
Outside CBD - 1 per 200 sf

Standard Work Letter: $13.50 per sf, typically based on dollars per square foot

Operating Cost Escalation:
Base Year

Cumulative Discount Rate: 10%
Landlord Concessions
Interior Improvements

Leasing Activity Profile
Major Activity
Legal/Accounting
Minor Activity
Insurance
Sales
Finance/Banking
Engineering/Architecture
Government

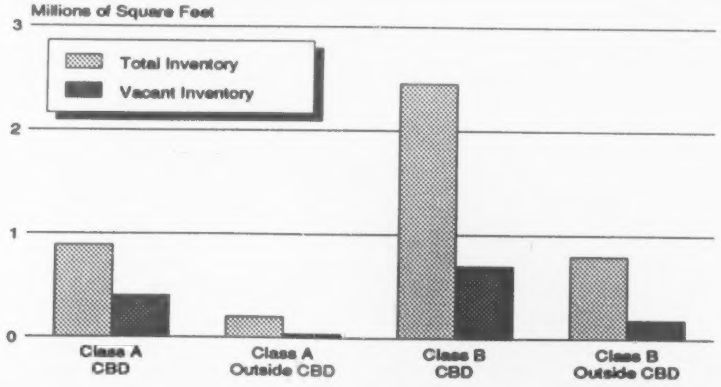
Demographics

		Rank
Population:	359,928	89
Population Growth Rate:	1.10%	
Unemployment Rate:	7.80%	
Median Household Income:	$25,639	81
Cost of living Index:	97.2	52

Outlook

Absorption	Up 5%
Construction	Same
Vacancies	Same
Rental Rates	Same
Landlord Concessions	Same

Market Inventory
Corpus Christi



1989 Review

The relocation of divisional headquarters of oil companies from Corpus Christi to larger markets, specifically to Dallas, had a corrosive effect on Corpus Christi market statistics during 1989. Total demand was actually on the increase to a slight degree when the entire market was considered, and tenant relocation to better quality space was characteristic of the market. During 1989, there were a number of investors from the northern U.S. in this market seeking bargains. Transaction activity in the area rose as a result. Face rents in the metropolitan area stayed low, with the weighted average ranging from $9 to $16 per sq. ft. depending upon the local submarket. Discounts from leasing concessions, however, were a comparatively modest 10 percent. None of the sources of new demand was particularly strong during the past year, and the market ended the 80s with a large overhang of existing space.

1990 Forecast

Tenant relocations to the abundant Class "A" space available in the market is expected to be an important feature of activity in 1990. It is unlikely that there will be any office properties developed on a speculative basis in the coming year. There will be some owner/occupant construction for offices in 1990. With the Texas economy continuing to become firmer in the early 1990s and defense and trade activities stepping up in the South Texas market, improvements in the Corpus Christi office market should be anticipated.

Dallas, Texas: Office

Dallas, Plano, Richardson, and Irving

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	15,800,000	87,000,000	14,000,000	n/a
Vacant	3,000,000	24,000,000	4,400,000	n/a
Vacancy Rate	19.0%	27.6%	31.4%	n/a
Vacant Sublease	n/a	n/a	n/a	n/a
Under Construction	0	0	0	0
Substantial Rehab	0	0	0	0
Net Absorption	677,000	4,100,000	-795,000	n/a

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	12.00	9.00	8.50	7.50
Highest	18.00	17.00	15.00	13.50
Weighted Average	15.50	13.50	12.00	10.50

Utility Rates: CBD $1.55 per sf
Outside CBD $1.55 per sf
Not Separately Metered

Parking Ratio: CBD - n/a
Outside CBD - 1 per 333 sf

Standard Work Letter: $15.00 per sf, typically based on dollars per square foot

Operating Cost Escalation: Base Year

Cumulative Discount Rate: n/a

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance
- Business Services
- Sales
- Engineering/Architecture

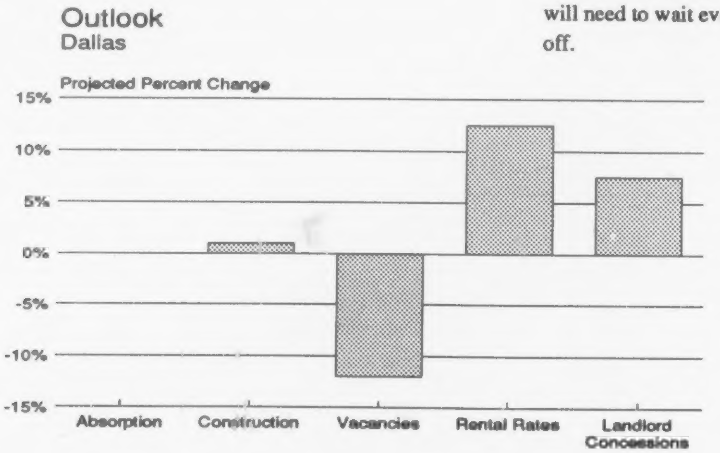
Minor Activity
- Finance/Banking
- Government
- Energy

Demographics

		Rank
Population:	2,541,628	11
Population Growth Rate:	2.94%	
Unemployment Rate:	5.20%	
Median Household Income:	$34,649	17
Cost of living Index:	103.8	17

Outlook

Absorption	Same
Construction	Up 1%
Vacancies	Down 12%
Rental Rates	Up 5-20%
Landlord Concessions	Down 5-10%



1989 Review

When the Texas economic gusher ran dry, the Dallas office market was one of the most visible casualties. Part of the reason was sheer visibility. With 107 million sq. ft. of office space, the Dallas skyline sprouts spectacularly out of the north central Texas plains. Another reason was the element of surprise. While Houston frankly acknowledged its symbiosis with the oil industry, Dallas long pretended that its economic mix would shield it from a downturn. The result has been that in 1989, Dallas found itself with more than 30 million sq. ft. of empty offices, zero new construction and zero rehabilitation activity. Absorption started to accelerate with some four million sq. ft. taken up in the past year, and corporate relocation news has significantly bolstered the market's psychology. Several years of inventory hang over the market even at this net leasing rate.

1990 Forecast

Investors, foreign and domestic, are expected to return to Dallas in greater numbers, purchasing property that is still being marketed below reproduction costs in anticipation of rising rental rates and recovering demand. The increase in tenant activity can already be verified. Development will be slack over the next few years, with the exception of projects being built for specific corporate headquarters. Withal, the Texas financial economy - centered in Dallas - is likely to be more troubled than the Texas production economy in 1990. So the bet on rising returns for Dallas office investments will need to wait even further before paying off.

Dayton, Ohio: Office

Market Data

	Class A		Class B	
Inventory (sf)	CBD	Outside CBD	CBD	Outside CBD
Total	1,602,000	1,883,800	1,367,100	1,997,000
Vacant	455,900	550,300	455,800	525,600
Vacancy Rate	28.5%	29.2%	33.3%	26.3%
Vacant Sublease	n/a	n/a	n/a	n/a
Under Construction	n/a	n/a	n/a	n/a
Substantial Rehab	53,200	n/a	n/a	60,000
Net Absorption	n/a	n/a	n/a	n/a

	Class A		Class B	
Rental Rates ($/sf)	CBD	Outside CBD	CBD	Outside CBD
Lowest	18.00	13.75	10.00	10.00
Highest	22.00	15.75	13.00	12.75
Weighted Average	-	-	-	-

Utility Rates: CBD $1.85 per sf
Outside CBD $1.55 per sf
Not Separately Metered

Parking Ratio: CBD - n/a
Outside CBD - 1 per 200 sf

Standard Work Letter: $22.50 per sf, typically based on dollars per square foot

Operating Cost Escalation:
Base Year

Cumulative Discount Rate: 10%
Landlord Concessions
Rental Abatement
Interior Improvements

Leasing Activity Profile
Major Activity
Legal/Accounting
Finance/Banking
Defense Contractor
Minor Activity
Insurance
Business Services
Sales
Engineering/Architecture
Government

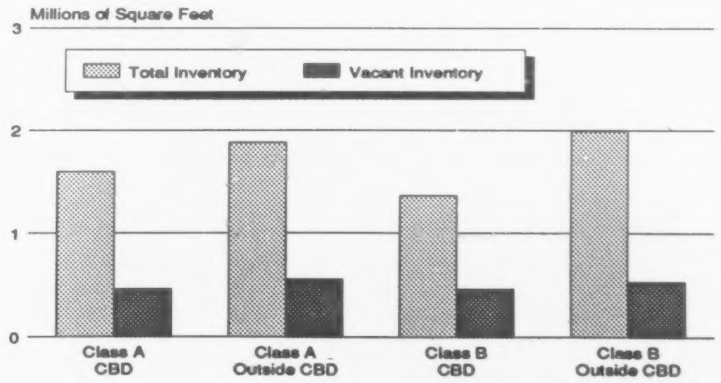
Demographics

		Rank
Population:	947,522	43
Population Growth Rate:	0.06%	
Unemployment Rate:	4.60%	
Median Household Income:	$30,060	44
Cost of living Index:	101.1	33

Outlook

Absorption	Same
Construction	Down
Vacancies	Up 15-20%
Rental Rates	Down 10-15%
Landlord Concessions	Up 5-10%

Market Inventory
Dayton



1989 Review

A rise of seven percentage points in Dayton's office vacancy rate shows trouble brewing in this small mid-Ohio market. Two new office towers achieved substantial completion in the Central Business District in 1989, with occupancy levels of only 25 percent between the two. With demand only flat from the prior year, the spurt of new development contributed to softness in the downtown. But outside the CBD the picture did not improve either. Dayton's economic base, composed of manufacturing concerns and the world's largest air force facility, had little to contribute in terms of office-specific growth in 1989. Few firms moved into the metropolitan area, and leasing activity consisted primarily of intra-market relocations.

1990 Forecast

The impact of cuts in the defense budget are not fully clear as yet. The Wright-Patterson Air Force Base is a major employer, and has a significant multiplier effect on the Dayton economy. Most government contractors are high-tech specialists, and the engineering sector is expected to show only minor leasing activity in the coming year. Rents are expected to slip further, and the menu of concessions in lease agreements will be broadening considerably. The national soft landing may prove a bit bumpier in and around Dayton.

Denver, Colorado: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	12,100,000	5,800,000	9,000,000	26,400,000
Vacant	2,700,000	700,000	2,700,000	7,000,000
Vacancy Rate	22.3%	12.1%	30.0%	26.5%
Vacant Sublease	400,000	670,000	142,000	505,000
Under Construction	0	0	0	0
Substantial Rehab	0	0	0	0
Net Absorption	130,000	60,000	25,000	150,000

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	11.00	12.00	8.00	8.00
Highest	13.50	15.00	11.00	10.50
Weighted Average	n/a	n/a	n/a	n/a

Utility Rates: CBD $1.85 per sf
Outside CBD $1.60 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 1,000 sf
Outside CBD - 1 per 250 sf

Standard Work Letter: $20.00 per sf, typically based on dollars per square foot

Operating Cost Escalation:
Stop - $6.00 CBD, $5.50 other

Cumulative Discount Rate: 25%

Landlord Concessions
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements
- Telecommunications

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance
- Finance/Banking
- Government
- Energy
- Mining & Exploration

Minor Activity
- Business Services
- Sales
- Engineering/Architecture

Demographics

		Rank
Population:	1,662,442	21
Population Growth Rate:	1.70%	
Unemployment Rate:	4.20%	
Median Household Income:	$34,997	14
Cost of living Index:	101.5	29

Outlook

Absorption	Up 15%
Construction	Same
Vacancies	Down 2%
Rental Rates	Same
Landlord Concessions	Same

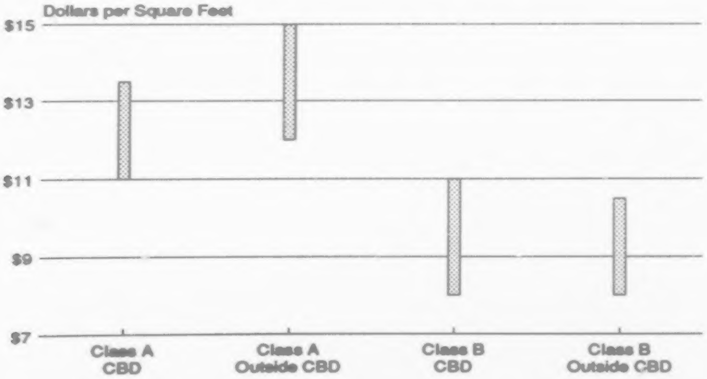
1989 Review

With a static metropolitan area economy and vacancy rates at 25 percent, Denver's office market remained distressed last year. This market truly demonstrated inelastic demand, with even $11 per sq. ft. rents in the CBD failing to generate much positive net absorption. U.S. West and some large law firms have taken space, but gains in Class "A" offices have come at the expense of weakening Class "B" and Class "C" buildings even further. The positive psychology of reduced expectations took hold in the Mile High City in 1989: a local banker noted that while last year's leasing contract volume was less than the size of a single major building, it was still up 64 percent from 1988! The best news of 1989? The market came one year closer to its eventual, but still unspecified, recovery date.

1990 Forecast

A modest two percent decrease in vacancies is anticipated by SIOR's reporter, based upon an expected 15 percent jump in net absorption. Rents will remain low and heavily discounted. New construction is out of the question. There are some hopeful signs of interest from out-of-state users, attracted by real estate bargains, the city's new convention center and the planned international airport. Real estate professionals see a lot of tenant representation opportunities in 1990, as any firm seeking space has such an abundance of choices that facilities-shopping requires an indefatigable guide.

Rental Rates
Denver



Des Moines, Iowa: Office

Market Data

	Class A		Class B	
Inventory (sf)	CBD	Outside CBD	CBD	Outside CBD
Total	1,584,000	1,350,000	1,378,000	900,000
Vacant	98,000	157,000	133,000	126,000
Vacancy Rate	6.2%	11.6%	9.7%	14.0%
Vacant Sublease	n/a	n/a	n/a	n/a
Under Construction	400,000	141,000	n/a	n/a
Substantial Rehab	n/a	n/a	n/a	n/a
Net Absorption	50,000	80,000	n/a	17,000

	Class A		Class B	
Rental Rates ($/sf)	CBD	Outside CBD	CBD	Outside CBD
Lowest	17.00	15.50	12.00	10.50
Highest	21.00	17.50	16.00	13.50
Weighted Average	19.00	16.50	14.00	13.00

Utility Rates: CBD $1.50 per sf
Outside CBD $1.50 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 2,000 sf
Outside CBD - 1 per 200 sf

Standard Work Letter: $14.00 per sf, typically based on dollars per square foot

Operating Cost Escalation:
Base Year

Cumulative Discount Rate: 5%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Interior Improvements

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance

Minor Activity
- Business Services
- Sales
- Finance/Banking
- Engineering/Architecture
- Government
- Energy

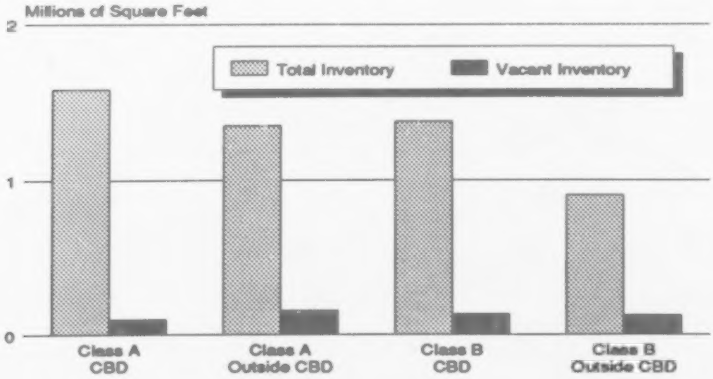
Demographics

		Rank
Population:	392,849	83
Population Growth Rate:	0.74%	
Unemployment Rate:	3.80%	
Median Household Income:	$33,648	20
Cost of living Index:	103.2	18

Outlook

Absorption	Same
Construction	Same
Vacancies	Same
Rental Rates	Up 5%
Landlord Concessions	Same

Market Inventory
Des Moines



1989 Review

Insurance companies have decidedly been the headline makers for the energetic office market in and around Des Moines. The Principal Financial Group, an insurer headquartered here, is erecting a 42 story building which will be the tallest in the state. Allied Group Insurance and Liberty Mutual are key tenants in one of the most active local office parks. Nearly 150,000 sq. ft. of net absorption was a strong 1989 performance for this market, amounting to a 3.1 percent increase in occupied space. Class "A" space downtown broke through the $20 per square foot barrier in base rental rates during the year; with the tight vacancies downtown, concessionary packages from the landlords amount to no more than a five percent discount in the lease. Most of the net demand has occurred in multi-tenant buildings where expansion space is at a premium.

1990 Forecast

Downtown will see a real test of its strength in 1990, as 400,000 sq. ft. of competitive space comes on the market in Principal Financial's tower. The suburbs will also see new speculative construction coming to completion, and so the competitive character of the market is expected to sharpen over the course of the year. SIOR's local correspondents predict that rents will be rising in this environment and landlords will keep their pencils sharp when writing the business terms of leases. It appears that developers intend to press forward with more projects, and let the market dictate the limits of Des Moines' vigorous expansion.

Detroit, Michigan: Office

Detroit, Southfield, Troy, Farmington Hills, Dearborn, Bloomfield, Birmingham, Livonia, and Novi

Market Data

	Class A		Class B	
Inventory (sf)	CBD	Outside CBD	CBD	Outside CBD
Total	9,298,799	22,982,399	2,402,187	25,954,320
Vacant	771,800	5,010,162	581,329	4,490,097
Vacancy Rate	8.3%	21.8%	24.2%	17.3%
Vacant Sublease	111,585	68,947	0	233,588
Under Construction	492,000	4,305,781	0	242,400
Substantial Rehab	n/a	n/a	n/a	n/a
Net Absorption	299,459	2,860,297	n/a	n/a

	Class A		Class B	
Rental Rates ($/sf)	CBD	Outside CBD	CBD	Outside CBD
Lowest	12.50	10.00	8.00	6.00
Highest	24.50	26.00	21.00	23.50
Weighted Average	16.42	18.66	12.73	15.31

Utility Rates: CBD $1.75 per sf
Outside CBD $2.50 per sf
Separately Metered

Parking Ratio: CBD - n/a
Outside CBD - 1 per 200 sf

Standard Work Letter: $20.00 per sf, typically based on dollars per square foot

Operating Cost Escalation: Stop - Class A: $6.00-8.00, B: $4.00-5.50

Cumulative Discount Rate: 10-20%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance
- Business Services
- Engineering/Architecture
- R&D
- Communications

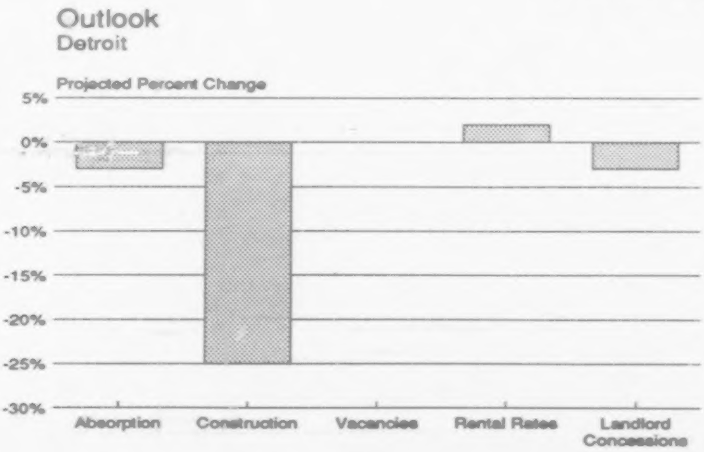
Minor Activity
- Sales
- Finance/Banking
- Government
- Energy

Demographics

		Rank
Population:	4,380,650	6
Population Growth Rate:	-0.27%	
Unemployment Rate:	7.90%	
Median Household Income:	$34,701	16
Cost of living Index:	n/a	n/a

Outlook

Absorption	Down 1-5%
Construction	Down 20-30%
Vacancies	Same
Rental Rates	Up 1-3%
Landlord Concessions	Down 1-5%



1989 Review

Net absorption and leasing activity stayed strong in the Detroit area during 1989. Virtually no Class "A" space could be found in the CBD, and nearly a half-million sq. ft. is under construction downtown to address pent-up demand. Tenants have demanded quality however: the Class "B" inventory downtown had a 1989 vacancy rate in excess of 14 percent. By and large, though, the suburban markets are where the action has been for the Motor City. Approximately 5.6 million sq. ft. of office completions were registered in suburban locations, according to notes forwarded by the SIOR reporter from the region. Notably, there was not much of a spread between CBD and suburban lease rates, and the advantage of high achievable rents has fallen to the suburbs.

1990 Forecast

The Free Trade Agreement between the United States and Canada promises great benefits for the Detroit area, as well as for the neighboring city of Windsor, Ontario. The commercial real estate market in the metropolitan area is expected to remain healthy in 1990, although the development market should be taking a breather. New project completions in the suburbs, for example, will be down sharply to about 1.6 million sq. ft. in 1990. As the market moves to digest the 1989 additions to inventory, it is prudent to forecast increases in concessionary packages during the coming year. (Net absorption figures include both class "A" and class "B" space.)

El Paso, Texas: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	800,000	654,000	103,000	862,000
Vacant	100,000	75,000	30,000	120,000
Vacancy Rate	12.5%	11.5%	29.1%	13.9%
Vacant Sublease	n/a	n/a	n/a	n/a
Under Construction	0	0	0	0
Substantial Rehab	0	0	220,000	0
Net Absorption	n/a	n/a	n/a	n/a

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	12.50	10.00	8.00	10.00
Highest	16.50	n/a	n/a	n/a
Weighted Average	14.00	13.50	10.00	13.50

Utility Rates: CBD $1.90 per sf
Outside CBD n/a
Not Separately Metered

Parking Ratio: CBD - 1 per 200 sf
Outside CBD - 1 per 300 sf

Standard Work Letter: $15.00 per sf, typically based on dollars per square foot

Operating Cost Escalation: Base Year

Cumulative Discount Rate: n/a
Landlord Concessions

Leasing Activity Profile
Minor Activity
- Legal/Accounting
- Insurance
- Finance/Banking
- Government
- Energy

Demographics

		Rank
Population:	585,178	65
Population Growth Rate:	2.23%	
Unemployment Rate:	9.80%	
Median Household Income:	$22,446	95
Cost of living Index:	97.8	45

Outlook

Absorption	Same
Construction	Same
Vacancies	Same
Rental Rates	Same
Landlord Concessions	Same

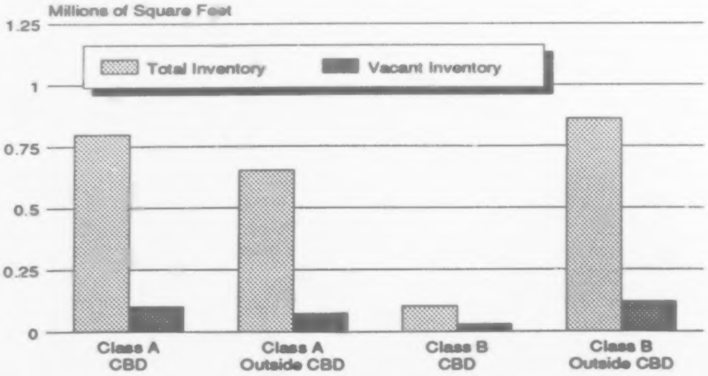
1989 Review

El Paso's office market is a West Texas miscellany of local financial and services tenants, spiced with U.S. border-oriented government agencies and the requisite Texas energy business. The local/regional economy was described as "good"; the demand for office space was termed "normal." El Paso, in fact, has had a much different economy over the past few years from the rest of Texas. This is a manufacturing and trading town, that has prospered with the growth of the Maquiladora plants here and in Juarez, Mexico. The businesses servicing the Maquila companies have been active, and El Paso's 12 percent vacancy rate for Class "A" space represents a scant 175,000 sq. ft. Rents were economical, and well-balanced by location. Only the older downtown stock appeared to be suffering distressed conditions.

1990 Forecast

No new developments are expected to enter the pipeline in 1990. El Paso's outlook is seen as stable by SIOR's local respondent. Other observers see the need for some problem-solving in the area. The economic growth in the industrial sector has come at considerable environmental costs, and both air and water quality issues require attention. Also, Fort Bliss has a major impact on the El Paso economy and it is slated for reduced activity in the future.

Market Inventory
El Paso



Fort Lauderdale, Florida: Office

South Florida

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	2,625,000	6,500,000	250,000	3,600,000
Vacant	520,000	1,300,000	100,000	1,500,000
Vacancy Rate	19.8%	20.0%	40.0%	41.7%
Vacant Sublease	n/a	20,000	n/a	25,000
Under Construction	720,000	650,000	45,000	30,000
Substantial Rehab	n/a	n/a	n/a	n/a
Net Absorption	346,000	400,000	14,000	131,000

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	23.00	18.00	20.00	12.00
Highest	30.00	24.00	22.00	16.00
Weighted Average	26.50	21.00	21.00	14.00

Utility Rates: CBD $2.00 per sf
Outside CBD $1.75 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 333 sf
Outside CBD - 1 per 400 sf

Standard Work Letter: $20.00 per sf, typically based on dollars per square foot

Operating Cost Escalation:
Stop - Full pass through

Cumulative Discount Rate: 25%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements
- Signing Bonuses
- Club Memberships

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance
- Finance/Banking
- Engineering/Architecture

Minor Activity
- Business Services
- Sales
- Government
- Energy

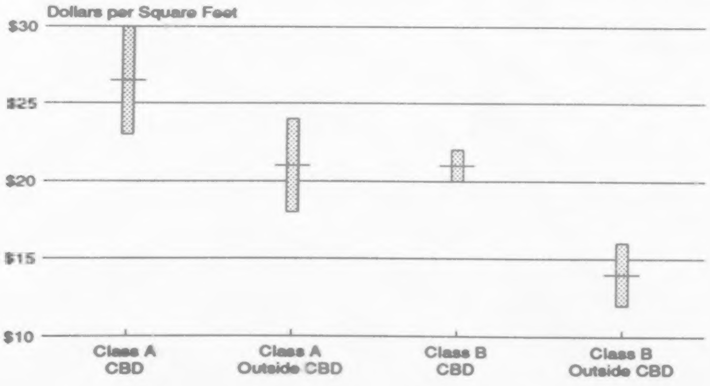
Demographics

		Rank
Population:	n/a	n/a
Population Growth Rate:	n/a	
Unemployment Rate:	5.20%	
Median Household Income:	n/a	n/a
Cost of living Index:	n/a	n/a

Outlook

Absorption	Same
Construction	Same
Vacancies	Same
Rental Rates	Down 5-10%
Landlord Concessions	Up

Rental Rates
Fort Lauderdale



1989 Review

Steady growth from law and accounting firms has marked 1989's leasing patterns in Broward County, but the benefits were not spread evenly across all locations in this South Florida market. The western suburban corridors were the strongest sectors, and ended the year without much contiguous space available for new users. Downtown suffered slacker demand, especially bad news as it was attempting to assimilate a large volume of new construction. Throughout the market, absorption ran at nearly 900,000 sq. ft. as more than 1.4 million sq. ft. was under development. Ominously, tenant preferences appeared to be changing even as new product neared completion: leasing demand for older but more economical suburban space increased toward the end of the year from tenant types that had previously looked to trade up to modern facilities.

1990 Forecast

Concessionary packages on downtown office space are anticipated to grow over the course of the next two years, as the market confronts a heavy completion schedule at a time when major corporate users are downsizing locally. On the development front, Fort Lauderdale is becoming more bearish for the same reason that most Florida markets are: the infrastructure concurrency requirements of the state's Growth Management Act will be putting most projects' costs beyond the level of feasibility in the present rent structure. Since SIOR's observers expect rents to slip back five to 10 percent in 1990, the rate of new office starts could also drop as the year goes on.

Fort Wayne, Indiana: Office

Market Data

	Class A		Class B	
Inventory (sf)	CBD	Outside CBD	CBD	Outside CBD
Total	860,000	300,000	180,000	200,000
Vacant	80,000	20,000	30,000	25,000
Vacancy Rate	9.3%	6.7%	16.7%	12.5%
Vacant Sublease	n/a	n/a	n/a	n/a
Under Construction	150,000	80,000	n/a	n/a
Substantial Rehab	30,000	140,000	n/a	n/a
Net Absorption	50,000	60,000	30,000	45,000

	Class A		Class B	
Rental Rates ($/sf)	CBD	Outside CBD	CBD	Outside CBD
Lowest	14.50	12.00	10.00	9.50
Highest	19.00	14.00	12.00	11.00
Weighted Average	16.57	13.25	11.00	10.35

Utility Rates: CBD $1.75 per sf
Outside CBD $1.50 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 1,000 sf
Outside CBD - 1 per 500 sf

Standard Work Letter: $12.00 per sf, typically based on quantity of materals

Operating Cost Escalation: Stop - Average 4.50

Cumulative Discount Rate: 7%

Landlord Concessions
- Rental Abatement
- Lease Assumptions
- Interior Improvements
- Graduated Rent Increase

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance
- Business Services

Minor Activity
- Sales
- Finance/Banking
- Engineering/Architecture

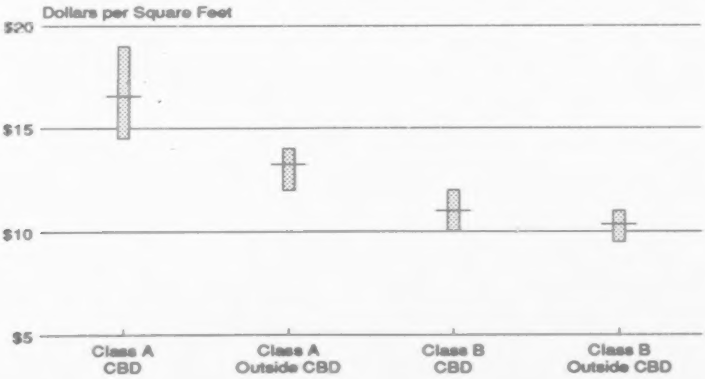
Demographics

		Rank
Population:	370,933	85
Population Growth Rate:	0.52%	
Unemployment Rate:	4.90%	
Median Household Income:	$29,538	53
Cost of living Index:	96.3	58

Outlook

Absorption	Down 5%
Construction	Down 50%
Vacancies	Up 5%
Rental Rates	Same
Landlord Concessions	Same

Rental Rates
Fort Wayne



1989 Review

Overall demand was down from 1988 levels in Fort Wayne, as the local economy reacted to sluggishness in the automobile industry. Net absorption for the year was 185,000 sq. ft., while the volume of new construction and substantial renovation underway was about 400,000 sq. ft. This would still not qualify Fort Wayne as a distressed market, since vacancies on a marketwide basis still amount to only 10 percent of the 1.5 million sq. ft. office stock. This market has seen increased activity from non-resident developers and investors during the past few years, and several new projects are off to successful starts. Asking rents have been near $20 per sq. ft., and landlord concessions in leases were at a managable seven percent discount from the face rate.

1990 Forecast

Once projects presently under construction are completed, little new speculative construction is expected in an uncertain environment for the Midwest's large corporations. SIOR's Fort Wayne observer is approaching the year with a conservative outlook, expecting a pullback in absorption of about five percent, and a corresponding increase in the vacancy rate. Fort Wayne has had encouraging growth in its services sector and is gradually broadening its economic base. For 1990, however, a greater deliberateness on the parts of landlord and tenant will likely prevail.

Fresno, California: Office

Central California - Fresno/Clovis Metropolitan Area

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	630,000	2,582,000	900,000	4,923,800
Vacant	42,400	110,000	282,600	701,100
Vacancy Rate	6.7%	4.3%	31.4%	14.2%
Vacant Sublease	0	15,000	0	35,500
Under Construction	40,000	110,000	0	130,000
Substantial Rehab	0	0	36,000	143,000
Net Absorption	47,000	135,000	78,500	71,200

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	15.00	16.00	10.00	11.00
Highest	19.25	22.00	13.00	16.00
Weighted Average	19.00	19.95	10.20	14.80

Utility Rates: CBD $14-16 per sf
Outside CBD $14-16 per sf
Separately Metered

Parking Ratio: CBD - 1 per 2,000 sf
Outside CBD - 1 per 250 sf

Standard Work Letter: $21.50 per sf, typically based on dollars per square foot

Operating Cost Escalation:
Base Year & Stop - $4.50-$5.00

Cumulative Discount Rate: 8-10%

Landlord Concessions
- Rental Abatement
- Interior Improvements

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance
- Sales
- Finance/Banking
- Government
- Agricultural Related

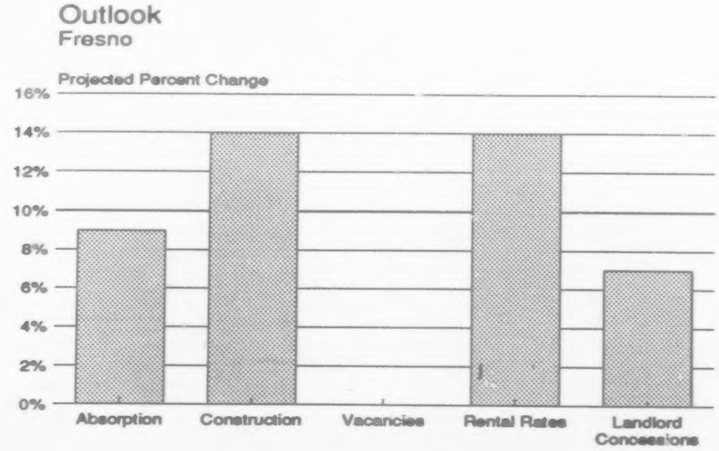
Minor Activity
- Business Services
- Engineering/Architecture

Demographics

		Rank
Population:	619,826	61
Population Growth Rate:	2.09%	
Unemployment Rate:	7.70%	
Median Household Income:	$24,046	90
Cost of living Index:	108.7	12

Outlook

Absorption	Up 8-10%
Construction	Up 13-15%
Vacancies	Same
Rental Rates	Up 13-15%
Landlord Concessions	Up 6-8%



1989 Review

This is a transitional period for this Central Valley city. Fresno's areawide population now defines it as an emerging metropolis. This identity is triggering a spurt in office development in a market where speculative space had been less common. The market continued to improve steadily during 1989, as it had in the previous year. Vacancy declined by two percentage points since the last publication of SIOR's *Guide*, and Class "A" space was very tight. Corporate move-ins have increased, with the Los Angeles market and the San Francisco/East Bay area the principal source of new firms. Rents rose 10 to 15 percent in 1989, and the market began to shift away from full service or turnkey leases in favor of triple-net contracts.

1990 Forecast

Another strong, productive year is projected. Both business and agriculture are expected to generate further activity for the office market. Not the least of this activity stems from offshore interest in local investments. Thus far, few office property acquisitions have been noted but industrial and farmland investments have been made. Leasing activity has been broadly diversified across many tenant categories, and the prospects for a continuation of this trend are good. Rents are expected to surge once again in 1990, on an eight to 10 percent increase in net absorption.

Gary-Hammond-East Chicago, Indiana: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	0	400,000	500,000	1,400,000
Vacant	0	20,000	50,000	70,000
Vacancy Rate	0.0%	5.0%	10.0%	5.0%
Vacant Sublease	0	n/a	n/a	n/a
Under Construction	0	20,000	0	80,000
Substantial Rehab	0	0	0	60,000
Net Absorption	0	40,000	0	100,000

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	-	12.50	5.00	10.00
Highest	-	15.00	8.00	13.50
Weighted Average	-	13.50	6.50	11.50

Utility Rates: CBD $1.50 per sf
Outside CBD $1.50 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 2,000 sf
Outside CBD - 1 per 400 sf

Standard Work Letter: $10.00 per sf, typically based on dollars per square foot

Operating Cost Escalation: Base Year

Cumulative Discount Rate: 6-10%

Landlord Concessions
- Rental Abatement
- Lease Assumptions
- Interior Improvements

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Business Services
- Sales
- Finance/Banking
- Engineering/Architecture

Minor Activity
- Insurance
- Government
- Energy

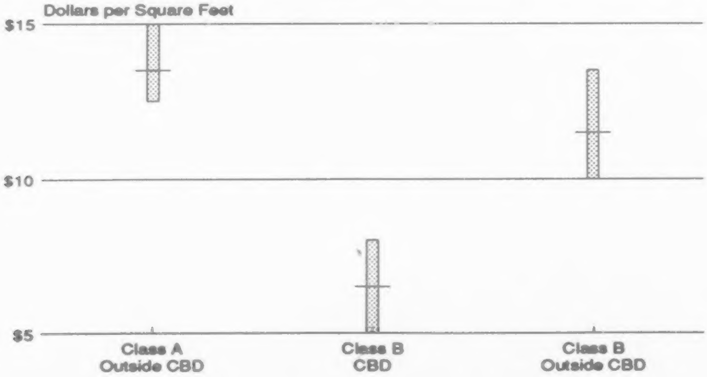
Demographics

		Rank
Population:	596,364	64
Population Growth Rate:	-0.83%	
Unemployment Rate:	5.10%	
Median Household Income:	$29,121	56
Cost of living Index:	n/a	n/a

Outlook

Absorption	Up 1-5%
Construction	Up 5%
Vacancies	Same
Rental Rates	Up 3-5%
Landlord Concessions	Same

Rental Rates
Gary-Hammond-East Chicago



1989 Review

Located at the southern tip of Lake Michigan, Gary and its metropolitan area are straightforwardly a heavy industry, steel production, no frills economy. Diversification is a fancy word, and little more around here. The primary demand for office space stems from the services sector and regional sales offices. As a small office market, Gary is not doing badly. Vacancies were a modest 6.1 percent of the 2.3 million sq. ft. market inventory. Absorption in 1989 was a healthy 140,000 sq. ft. Rents in the Class "B" space outside the CBD have advanced during the year on strengthening demand for office suites with full service leases.

1990 Forecast

Further strengthening is in prospect for this market, in the opinion of SIOR's local survey respondent. Growth in non-manufacturing employment is projected at five percent in 1990. Absorption, new construction and rental rates are anticipated to rise a similar amount on the strength of additional white-collar expansion.

Grand Rapids, Michigan: Office

Market Data

	Class A		Class B	
Inventory (sf)	CBD	Outside CBD	CBD	Outside CBD
Total	1,750,000	4,100,000	1,150,000	950,000
Vacant	90,000	490,000	230,000	115,000
Vacancy Rate	5.1%	12.0%	20.0%	12.1%
Vacant Sublease	n/a	n/a	n/a	n/a
Under Construction	0	350,000	0	0
Substantial Rehab	0	0	0	120,000
Net Absorption	60,000	85,000	n/a	n/a

	Class A		Class B	
Rental Rates ($/sf)	CBD	Outside CBD	CBD	Outside CBD
Lowest	17.00	12.00	11.00	8.00
Highest	19.00	15.50	13.00	10.00
Weighted Average	n/a	n/a	n/a	n/a

Utility Rates: CBD $1.20-2.20 per sf
Outside CBD $1.17-1.95 per sf
Separately Metered

Parking Ratio: CBD - 1 per 2,000 sf
Outside CBD - 1 per 400 sf

Standard Work Letter: $12.00 per sf

Operating Cost Escalation:
Base Year & Stop - $4-5 sq ft

Cumulative Discount Rate: n/a

Landlord Concessions
- Rental Abatement
- Lease Assumptions
- Interior Improvements
- Signing Bonuses

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance

Minor Activity
- Business Services
- Sales
- Engineering/Architecture

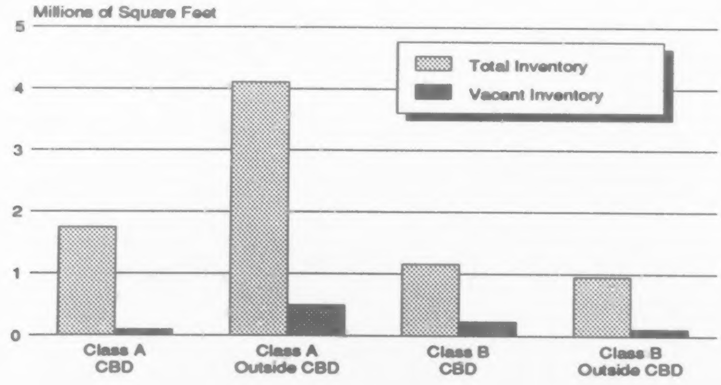
Demographics

		Rank
Population:	674,479	55
Population Growth Rate:	1.28%	
Unemployment Rate:	5.20%	
Median Household Income:	$30,520	39
Cost of living Index:	n/a	n/a

Outlook

Absorption	Same
Construction	Up 5%
Vacancies	Same
Rental Rates	Same
Landlord Concessions	Up 5%

Market Inventory
Grand Rapids



1989 Review

The economy in this metropolitan area has been one of the bright spots in the State of Michigan during the difficult decade of the 1980s. The market is one of the few in the state not directly dependent upon the Big Three automaking companies. Grand Rapids' forte, in fact, is furniture; specifically, office furniture, with Steelcase, Herman Miller and Haworth in the area. Most of the recent office demand here has been generated by local service firms, both financial companies like insurers and banks, and other business services like law and accounting. The market had a shortage of good quality contiguous space in its CBD, but has developed an overabundance of suburban space over the past three years. Net absorption for Class "A" space in 1989 was 145,000 sq. ft.

1990 Forecast

Groundbreaking for two new office towers in the Downtown area is expected to provide more flexibility for the market after 1990. This development is meeting a real need for modern space. Speculative development in the suburbs should be stalled, with a two-year supply of existing space available as 1990 gets underway. Growth in the Grand Rapids economy should proceed steadily. Some observers, pointing at the glut of office space nationwide, predict a pullback in this local economy. However, the functional needs of the nation's offices are not standing still, and Grand Rapids' economic base will likely see reason for growth into the 1990s.

Greensboro, North Carolina: Office

Market Data

	Class A		Class B	
Inventory (sf)	CBD	Outside CBD	CBD	Outside CBD
Total	881,000	1,861,000	567,000	1,452,000
Vacant	73,000	432,000	263,000	170,000
Vacancy Rate	8.3%	23.2%	46.4%	11.7%
Vacant Sublease	n/a	n/a	n/a	n/a
Under Construction	450,000	400,000	0	50,000
Substantial Rehab	235,000	n/a	n/a	n/a
Net Absorption	300,000	150,000	n/a	n/a

	Class A		Class B	
Rental Rates ($/sf)	CBD	Outside CBD	CBD	Outside CBD
Lowest	16.00	12.50	10.50	9.50
Highest	20.25	15.50	13.50	12.50
Weighted Average	19.50	14.00	11.50	10.50

Utility Rates: CBD $1.60 per sf
Outside CBD $1.60 per sf
Not Separately Metered

Parking Ratio: CBD - n/a
Outside CBD - 1 per 300 sf

Standard Work Letter: $10.50 per sf, typically based on dollars per square foot

Operating Cost Escalation: Stop - $4.00-4.50

Cumulative Discount Rate: n/a

Landlord Concessions
- Rental Abatement
- Lease Assumptions
- Moving Allowance

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance
- Business Services
- Finance/Banking
- Government

Minor Activity
- Sales
- Engineering/Architecture
- Energy

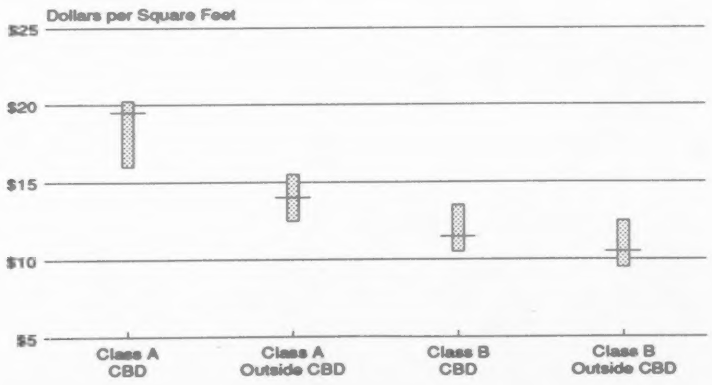
Demographics

		Rank
Population:	933,966	45
Population Growth Rate:	1.03%	
Unemployment Rate:	3.40%	
Median Household Income:	$28,816	59
Cost of living Index:	97.5	48

Outlook

Absorption	Same
Construction	Down 25%
Vacancies	Up 10%
Rental Rates	Same
Landlord Concessions	Up

Rental Rates
Greensboro



1989 Review

In late 1988 and early 1989, three office projects totalling one million sq. ft. were started in Greensboro's downtown. One has been finished, and the other two are nearly ready for occupancy. Current leasing levels? 90 percent in the first, 70 and 60 percent in the others. Tenants in these buildings have typically moved from older properties which now face substantial vacancies. The market is responding by intensifying the pace of major rehabilitation projects. The 450,000 sq. ft. of net absorption in 1989 represented an excellent 9.5 percent turnover rate on a total office inventory of 4.8 million sq. ft. The current new construction schedule is heavy for a market of this size, and the key story of 1989 was the re-defining of niches by both quality and location.

1990 Forecast

Greensboro will continue to be an active market in 1990. The downtown projects will satisfy the demand for CBD space, and may push overall vacancies up for the year. Most speculative development will shift to the airport vicinity and the Interstate 40 area west of Greensboro. Suburban Class "A" office space looks to be extremely competitive for the coming year, with vacancies presently at 23 percent and new construction outrunning net absorption. SIOR's observer predicts vacancy rates and landlord concessions up for Greensboro in 1990.

Greenville, South Carolina: Office

Market Data

	Class A		Class B	
Inventory (sf)	CBD	Outside CBD	CBD	Outside CBD
Total	950,000	975,000	1,158,000	1,825,000
Vacant	94,000	146,000	320,000	383,000
Vacancy Rate	9.9%	15.0%	27.6%	21.0%
Vacant Sublease	30,000	80,000	n/a	n/a
Under Construction	60,000	250,000	0	0
Substantial Rehab	30,000	0	0	0
Net Absorption	55,000	90,000	12,000	90,000

	Class A		Class B	
Rental Rates ($/sf)	CBD	Outside CBD	CBD	Outside CBD
Lowest	12.50	12.50	10.00	10.00
Highest	16.50	14.50	12.50	11.50
Weighted Average	15.50	13.00	11.50	10.50

Utility Rates: CBD $1.50 per sf
Outside CBD $1.30 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 100 sf
Outside CBD - 1 per 200 sf

Standard Work Letter: $12.00 per sf, typically based on dollars per square foot

Operating Cost Escalation:
Stop - $3.60-3.90

Cumulative Discount Rate: 15%

Landlord Concessions
- Rental Abatement
- Interior Improvements

Leasing Activity Profile

Major Activity
- Insurance
- Business Services
- Finance/Banking
- Engineering/Architecture

Minor Activity
- Legal/Accounting
- Sales
- Government

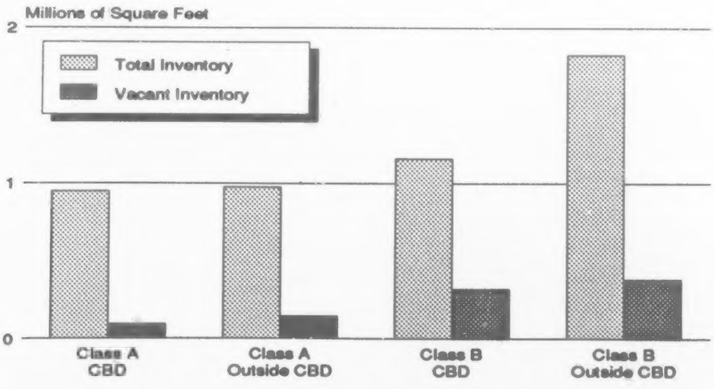
Demographics

		Rank
Population:	623,841	60
Population Growth Rate:	1.03%	
Unemployment Rate:	4.00%	
Median Household Income:	$27,140	73
Cost of living Index:	96.9	54

Outlook

Absorption	Up 10%
Construction	Same
Vacancies	Down 10%
Rental Rates	Same
Landlord Concessions	Down 5%

Market Inventory
Greenville



1989 Review

A sharp dichotomy can be seen between Class "A" and Class "B" office space in the Greenville market. Demand for modern space has pressed ahead from the financial and business services community. Few large blocks were available in 1989 either in the CBD or in the best suburban locations. Class "B" vacancy rates, on the other hand, ran twice the level of the most desirable facilities. With effective rents very similar throughout the market, lateral tenant movement to the better space was all but inevitable. About a quarter-million sq. ft. of net absorption was registered in Greenville during 1989, a five percent turnover rate on the total market inventory.

1990 Forecast

The outlook for 1990 is positive. Developers seem to be proceeding prudently with new projects, and there will be further growth in the suburban nodes. Internal expansion from existing tenants will be the most important source of office growth. Relocations into the area are discouraged by the extremely tight labor market. A 10 percent increase in absorption is forecast, suggesting that vacancies will be down marketwide and landlord concessions will drop from their existing 15 percent discount level.

Hartford, Connecticut: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	6,704,188	9,705,563	1,897,000	1,427,000
Vacant	1,003,539	1,967,577	231,000	327,000
Vacancy Rate	15.0%	20.3%	12.2%	22.9%
Vacant Sublease	156,000	55,732	n/a	n/a
Under Construction	344,000	180,000	n/a	n/a
Substantial Rehab	136,000	52,000	n/a	n/a
Net Absorption	246,125	682,922	5,676	56,008

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	18.00	16.00	18.00	11.00
Highest	27.00	25.00	23.00	18.00
Weighted Average	22.50	20.50	19.75	14.50

Utility Rates: CBD $2.00 per sf
Outside CBD $1.75 per sf
Separately Metered

Parking Ratio: CBD - 1 per 1,000 sf
Outside CBD - 1 per 250 sf

Standard Work Letter: $15.00 per sf, typically based on dollars per square foot

Operating Cost Escalation:
Base Year & Stop - Operating exp. stop in base rent

Cumulative Discount Rate: 10%

Landlord Concessions
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements
- Signing Bonuses

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance
- Finance/Banking
- Government
- Law Firms

Minor Activity
- Business Services
- Sales

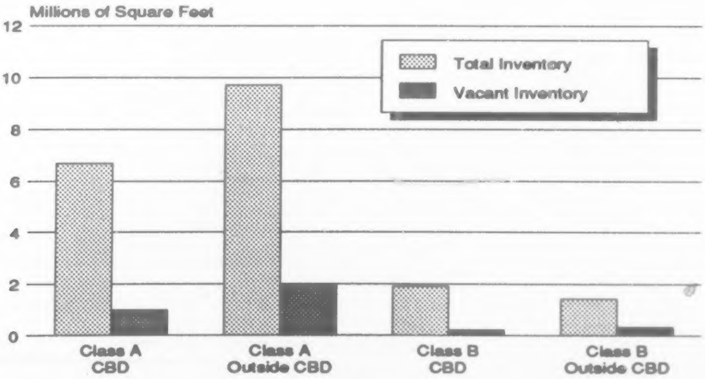
Demographics

		Rank
Population:	758,913	52
Population Growth Rate:	0.65%	
Unemployment Rate:	3.00%	
Median Household Income:	$41,720	5
Cost of living Index:	n/a	n/a

Outlook

Absorption	Up 20%
Construction	Down
Vacancies	Down 20%
Rental Rates	Same
Landlord Concessions	Up

Market Inventory
Hartford

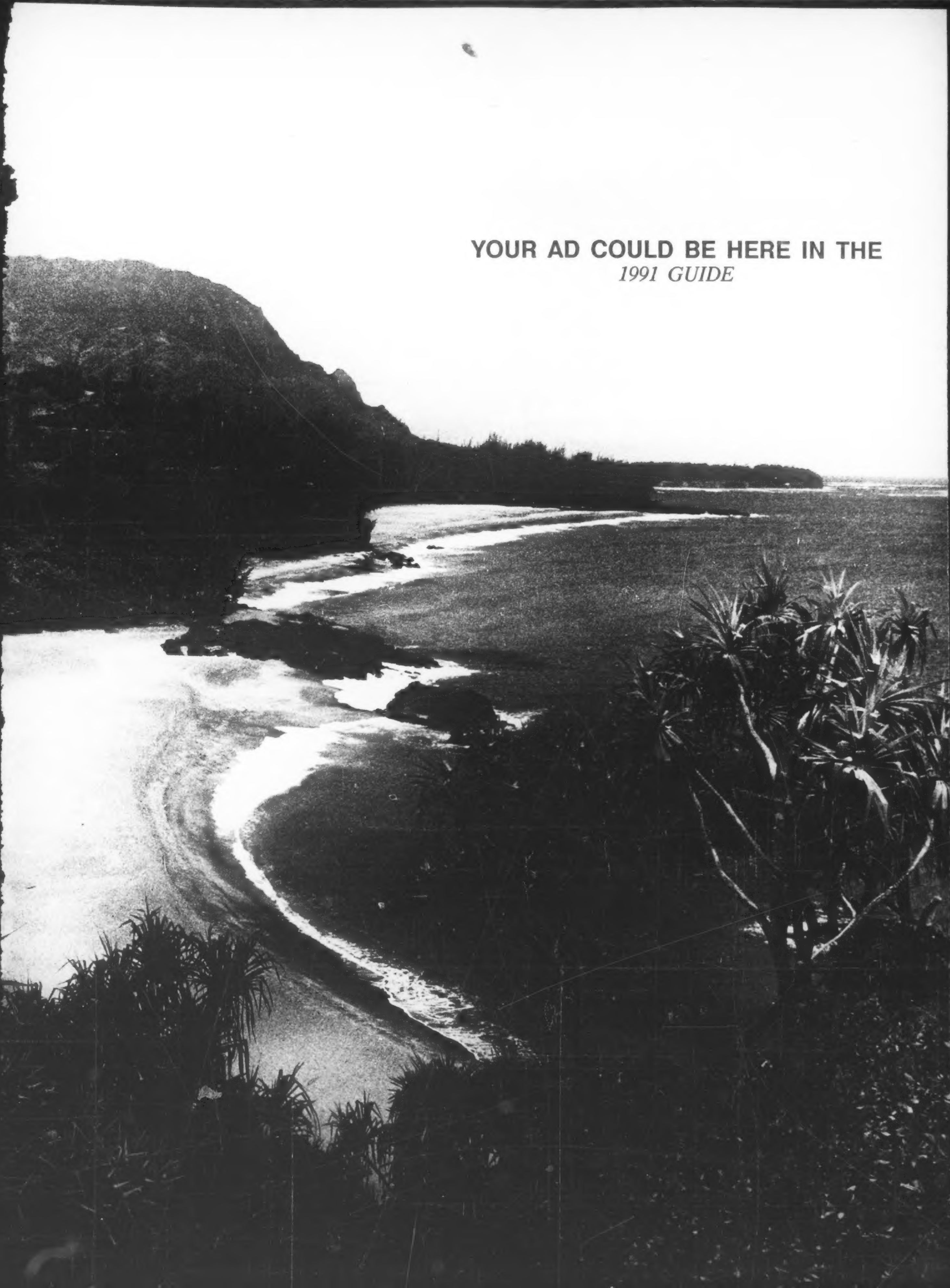


1989 Review

Large insurance companies and the stable presence of the state government afford Hartford a measure of protection from the economic downturn afflicting most New England office markets. Demand was heavy early in 1989, but tenants became more cautious as the year developed. Government, banks, law firms and CPA firms accounted for more than 60 percent of the million sq. ft. absorbed in the market last year. The insurance industry was hungry for low-rent back office space for their enormous operations staffs. Vacancy in the metropolitan area measured 17.9 percent, and construction activity was slow with only 524,000 sq. ft. being developed. Rents in Hartford are among the most economical of the urban markets on the East Coast, and this also provided an advantage in the more difficult regional economy.

1990 Forecast

The Hartford CBD has five major office towers proposed, ranging in size from 460,000 to 1,000,000 sq. ft. each. Their developers are jockeying for position (and financing) as market conditions become more uncertain. It is unlikely that more than one or two of these projects will begin in the next year or two. By mid-1991, most of the space now available will be absorbed and Hartford could experience very tight office market conditions in the 1992 - 1993 time span. Excellent absorption is predicted for 1990, as the rate of absorption rises 20 percent. With a sharp increase in CBD taxes coming in 1990, additional demand should shift to the suburban markets.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1991 GUIDE

Honolulu, Hawaii: Office

Market Data

	Class A		Class B	
Inventory (sf)	CBD	Outside CBD	CBD	Outside CBD
Total	3,882,780	2,963,815	3,669,834	3,420,255
Vacant	175,000	276,048	152,266	123,274
Vacancy Rate	4.5%	9.3%	4.1%	3.6%
Vacant Sublease	15,912	25,095	13,842	11,266
Under Construction	622,730	254,000	160,000	150,000
Substantial Rehab	n/a	n/a	n/a	180,000
Net Absorption	120,875	74,000	64,625	50,375

	Class A		Class B	
Rental Rates ($/sf)	CBD	Outside CBD	CBD	Outside CBD
Lowest	25.20	24.60	22.80	20.64
Highest	36.00	36.00	27.00	27.00
Weighted Average	30.60	30.30	24.90	23.82

Utility Rates: CBD $1.80 per sf
Outside CBD $1.80 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 600 sf
Outside CBD - 1 per 500 sf

Standard Work Letter: n/a

Operating Cost Escalation:
Base Year & Stop - Expenses

Cumulative Discount Rate: 0%
Landlord Concessions

Leasing Activity Profile
Major Activity
- Legal/Accounting
- Insurance
- Business Services
- Sales
- Engineering/Architecture
- Government
- Energy

Minor Activity
- Finance/Banking

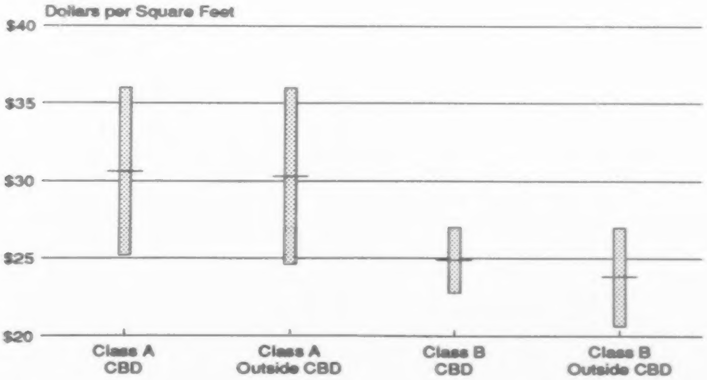
Demographics

		Rank
Population:	847,169	49
Population Growth Rate:	1.18%	
Unemployment Rate:	2.10%	
Median Household Income:	$35,421	12
Cost of living Index:	n/a	n/a

Outlook

Absorption	Same
Construction	Up 43%
Vacancies	Same
Rental Rates	Up 7-10%
Landlord Concessions	Down

Rental Rates
Honolulu



1989 Review

The economy of the Islands marked its seventh consecutive year of growth in 1989. Employment is extremely strong, with the jobless rate ranking as one of the best in the nation. While tourism-related businesses, high technology and the construction industry are the mainstays of the present expansion, Hawaii's prosperity is touching virtually all sectors. Only the manufacturing sector is slow. The Honolulu office market experienced a critical shortage of space in 1989. The overall vacancy rate was one of the nation's lowest, at 5.2 percent. Net absorption of 308,000 sq. ft. was achieved, a 2.2 percent turnover rate for this 14 million sq. ft. market. The amount of absorption was constrained by the scarcity of acceptable product. A steady stream of foreign investment has pushed commercial real estate prices to undreamed-of levels, and rents have climbed to a point where they rival the strongest markets on the mainland.

1990 Forecast

The office market outlook for Honolulu is sunny, as befits the prevailing conditions of rising temperature and increasing pressure for all market indicators. The construction that is now underway will not be available for occupancy until 1991 - 1992. So the market will remain tight over the coming year. With slightly more than one million sq. ft. on stream, some relief for pent-up demand is on the way. Further growth in the island economy is likely over the early 1990s, and only the rapidly escalating cost of living - particularly housing costs - looms as a cloud on the horizon.

Houston, Texas: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	25,043,928	33,133,944	10,399,990	62,795,491
Vacant	3,117,435	5,157,445	2,189,719	16,824,609
Vacancy Rate	12.4%	15.6%	21.1%	26.8%
Vacant Sublease	940,000	322,327	n/a	n/a
Under Construction	0	143,733	0	806,332
Substantial Rehab	n/a	n/a	n/a	n/a
Net Absorption	1,190,262	921,120	n/a	1,317,306

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	10.00	9.50	8.25	7.00
Highest	21.00	18.00	15.50	13.50
Weighted Average	14.08	12.75	10.26	9.90

Utility Rates: CBD $1.25 per sf
Outside CBD $1.00 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 1,500 sf
Outside CBD - 1 per 300 sf

Standard Work Letter: $11.00 per sf, typically based on quantity of materals

Operating Cost Escalation:
Base Year

Cumulative Discount Rate: 10-13%

Landlord Concessions
- Parking
- Lease Assumptions
- Moving Allowance
- Interior Improvements
- Club Memberships
- Architectural Allowances

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance
- Business Services
- Finance/Banking
- Engineering/Architecture
- Energy

Minor Activity
- Sales
- Government

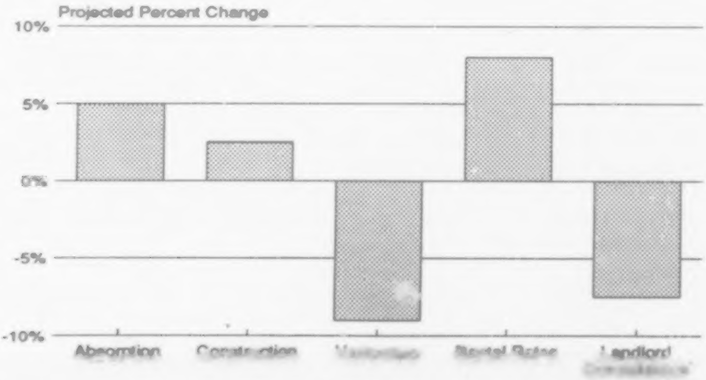
Demographics

		Rank
Population:	3,228,577	8
Population Growth Rate:	1.86%	
Unemployment Rate:	5.70%	
Median Household Income:	$33,251	22
Cost of living Index:	101.9	26

Outlook

Absorption	Up 5%
Construction	Up 2.5%
Vacancies	Down 8-10%
Rental Rates	Up 7-9%
Landlord Concessions	Down 5-10%

Outlook
Houston

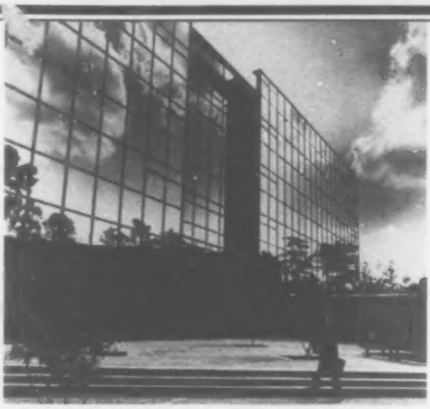


1989 Review

Additional evidence of the rebounding Houston economy piled up during 1989, and Houston laid claim to the strongest metropolitan area growth in Texas last year. Nearly 3.5 million sq. ft. of net absorption was posted, and the overall vacancy rate ended the year at 20.8 percent, still very high but down substantially from the towering levels of several years ago. Investment interest in Houston office properties intensified during the year, and a major deal for a package of downtown properties was closed at year-end for almost $400 million. No new Class "A" space was under development, as rents were substantially below new construction feasibility levels and good quality properties were on the market for one-third to one-half of their replacement cost. There is an active trade-up market for space, and vacancies in the Class "A" stock have been reduced to 13.5 percent.

1990 Forecast

Houston is expected to take another significant step forward in 1990. The economy is gradually diversifying, but is still closely tied to the energy industry. During the next several years, that linkage should prove a positive influence on the local office market, as a rebound in oil prices and the development of more efficient drilling technologies is improving the outlook for the energy companies. At last year's absorption rate, the resumption of construction activity may only be two or three years away. Some build-to-suit activity will be seen in 1990, and a modest tightening in rents is foreseen this year by SIOR's local observer.



In The Woodlands, you will find growing commercial centers with the necessary support services nearby.

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Mr. Allen continues, "There's a growing base of industries that are part of the future growth of Houston. The biotech industry is going to be part of the Houston area's economic diversity, and a lot of that is happening in The Woodlands. We are committed to these industries, that's one reason why we saw great opportunity for our management consulting and accounting firm here."

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Indianapolis, Indiana: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	5,622,383	12,570,089	2,239,012	n/a
Vacant	1,113,232	2,828,270	391,827	n/a
Vacancy Rate	19.8%	22.5%	17.5%	n/a
Vacant Sublease	n/a	n/a	n/a	n/a
Under Construction	905,912	403,200	n/a	n/a
Substantial Rehab	n/a	n/a	n/a	n/a
Net Absorption	650,533	691,067	-234,185	n/a

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	16.00	9.00	11.00	n/a
Highest	22.50	19.00	14.50	n/a
Weighted Average	n/a	n/a	n/a	n/a

Utility Rates: CBD $1.40 per sf
Outside CBD $1.40 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 1,000 sf
Outside CBD - 1 per 200 sf

Standard Work Letter: $18.50 per sf, typically based on dollars per square foot

Operating Cost Escalation: Stop - Dollar Amount

Cumulative Discount Rate: 25-30%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements
- Signing Bonuses

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance
- Business Services

Minor Activity
- Sales
- Finance/Banking
- Engineering/Architecture
- Government

Demographics

		Rank
Population:	1,250,546	31
Population Growth Rate:	0.78%	
Unemployment Rate:	3.90%	
Median Household Income:	$29,700	49
Cost of living Index:	99.3	41

Outlook

Absorption	Same
Construction	Down 25%
Vacancies	Up
Rental Rates	Same
Landlord Concessions	Same

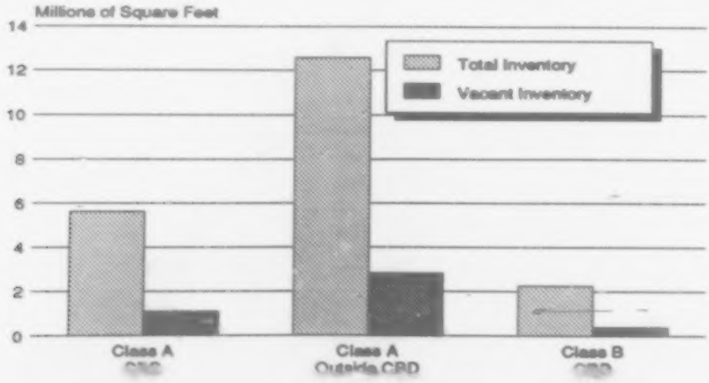
1989 Review

With net absorption of 1.1 million sq. ft. last year, demand in Indianapolis was up from a year ago although not quite at 1987's excellent pace. The strongest leasing requirements came from the insurance companies, law firms, accounting firms and other business services. New entrants into the market were not a major component of demand, but local firms, generating expansion requirements, were trading up from Class "B" to Class "A" space. The overall vacancy rate in Indianapolis was still high in 1989, at 21.2 percent, so rents remained low and heavily discounted with a full menu of concessions to entice tenants.

1990 Forecast

A year of further modest economic expansion is anticipated for the Indianapolis economy. Its office market may show signs of weakness during 1990 though, especially in the central city. The more than 900,000 sq. ft. of space under construction downtown is probably more than the market will be able to absorb this year. Class "A" suburban space will have the advantages of lower rents and a lower level of development activity. A modest improvement in supply/demand conditions should become apparent in Outside CBD during the course of 1990. Rents throughout the market will remain subject to deep discounting, and the rate of new office starts will fall back by 25 percent. (Statistical note: Data for the Class "B" market are reported for downtown and suburban space combined in the Indianapolis survey response.)

Market Inventory
Indianapolis



Jackson, Michigan: Office

Market Data

Inventory (sf)	Class A CBD	 Outside CBD	Class B CBD	 Outside CBD
Total	150,000	-	300,000	35,000
Vacant	6,000	-	300,000	35,000
Vacancy Rate	4.0%	-	100.0%	100.0%
Vacant Sublease	n/a	-	100,000	n/a
Under Construction	20,000	-	n/a	n/a
Substantial Rehab	n/a	-	n/a	n/a
Net Absorption	12,000	-	20,000	n/a

Rental Rates ($/sf)	Class A CBD	 Outside CBD	Class B CBD	 Outside CBD
Lowest	12.00	15.00	8.00	8.00
Highest	18.00	18.00	12.00	12.00
Weighted Average	n/a	n/a	n/a	n/a

Utility Rates: CBD n/a
Outside CBD n/a
Separately Metered

Parking Ratio: CBD - 1 per 400 sf
Outside CBD - 1 per 200 sf

Standard Work Letter: n/a

Operating Cost Escalation:
Base Year

Cumulative Discount Rate: n/a

Landlord Concessions
- Parking

Leasing Activity Profile

Major Activity
- Business Services
- Finance/Banking
- Government

Minor Activity
- Legal/Accounting
- Insurance
- Sales
- Engineering/Architecture
- Energy

Demographics

		Rank
Population:	402,557	81
Population Growth Rate:	1.19%	
Unemployment Rate:	5.00%	
Median Household Income:	$24,513	87
Cost of living Index:	n/a	n/a

Outlook

Absorption	Same
Construction	Down
Vacancies	Same
Rental Rates	Same
Landlord Concessions	Same

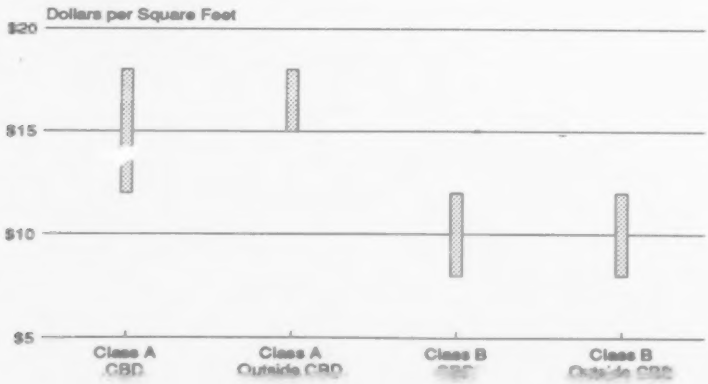
1989 Review

Jackson labored at a real competitive disadvantage in 1989. Its economy is dominated by the automobile industry, and weakness in the carmaking sector hurt local real estate demand. Jackson is also a small city which must compete with the larger cities of Lansing and Ann Arbor since office tenants, and business service firms tend to gravitate to the larger markets. In many ways, Jackson lacks the critical mass necessary to be an office center. Reading the local statistics, therefore, requires some sensitivity to the nuances of small markets. With only a four percent vacancy in its downtown, the CBD appears strong. SIOR's reporters indicate that renting in new construction is slow but that a well-located 10-year-old building is virtually full at $12 per sq. ft. rents. The vacancy statistics for this market are distorted by the availability last year of a 300,000 sq. ft. facility, formerly the home of an engineering firm, placed on the market for re-leasing.

1990 Forecast

Little change is expected in the coming year. The only variance in the outlook for the area lies in the reduced level of construction activity predicted by SIOR's observers. There is not much reason to expect that dramatic change will be coming for this market through the early years of the Nineties.

Rental Rates
Jackson, MI



Jackson, Mississippi: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	3,000,000	6,000,000	n/a	n/a
Vacant	400,000	900,000	n/a	n/a
Vacancy Rate	13.3%	15.0%	n/a	n/a
Vacant Sublease	100,000	60,000	n/a	n/a
Under Construction	0	100,000	n/a	n/a
Substantial Rehab	n/a	n/a	n/a	n/a
Net Absorption	150,000	150,000	n/a	n/a

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	12.00	11.00	8.00	7.00
Highest	17.00	15.00	10.00	9.00
Weighted Average	14.00	13.00	9.00	8.00

Utility Rates: CBD $1.00-1.50 per sf
Outside CBD $1.00-1.50 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 250 sf
Outside CBD - 1 per 250 sf

Standard Work Letter: $13.50 per sf, typically based on dollars per square foot

Operating Cost Escalation:
Stop - $3.00-4.00

Cumulative Discount Rate: 12%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements
- Signing Bonuses

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance
- Business Services

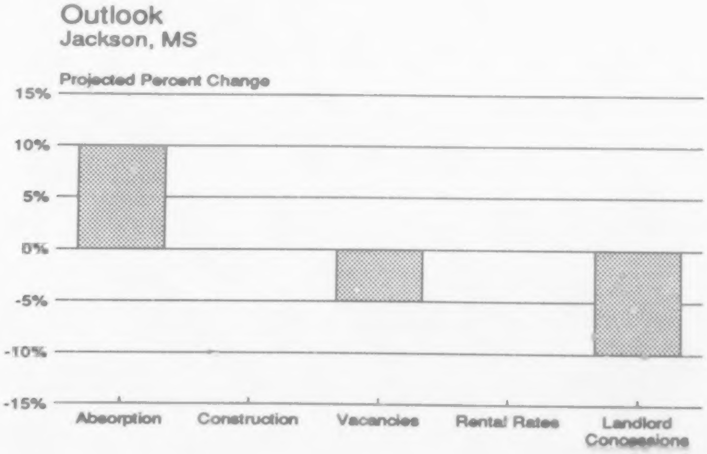
Minor Activity
- Sales
- Finance/Banking
- Engineering/Architecture
- Government
- Energy

Demographics

		Rank
Population:	402,557	80
Population Growth Rate:	1.19%	
Unemployment Rate:	5.00%	
Median Household Income:	$24,513	88
Cost of living Index:	n/a	n/a

Outlook

Absorption	Up 10%
Construction	Same
Vacancies	Down 5%
Rental Rates	Same
Landlord Concessions	Down 10%



1989 Review

Mississippi's state capital, Jackson is a government employment center and a medical and financial hub for the entire state. Demand stays reasonably steady year to year, with very little cyclicality. The city has a mid-sized office market, at nine million sq. ft. of total inventory. Its vacancy rate of 14.4 percent is a bit below the national average. The market saw 300,000 sq. ft. of absorption in 1989, with leasing activity most active in the insurance industry, law and accounting firms and similar business services. Rents were very economical, but not unduly subject to radical discounts in landlord concession packages. Demand principally comes from the expansion needs of local tenants, and little relocation activity from outside the area has affected the market recently.

1990 Forecast

SIOR's reporters are looking for 1990 to be a good year for Jackson. Absorption is expected to accelerate over the year, bringing down the vacancy rate and tightening the rental structure in the market. New construction will be extremely limited; only projects with substantial preleasing commitments are likely to go forward this year. Jackson will again outperform the State of Mississippi averages for economic growth this year. The office market should be firmer in all respects by the close of 1990.

Jacksonville, Florida: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	5,680,000	3,616,000	2,262,200	1,362,400
Vacant	1,121,550	325,000	683,000	485,000
Vacancy Rate	19.7%	9.0%	30.2%	35.6%
Vacant Sublease	89,600	48,000	23,500	17,000
Under Construction	656,000	128,000	n/a	n/a
Substantial Rehab	n/a	80,000	n/a	n/a
Net Absorption	235,000	367,400	62,000	83,000

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	18.00	13.50	8.50	7.50
Highest	24.00	18.50	13.00	14.00
Weighted Average	21.00	16.00	11.00	10.50

Utility Rates: CBD $1.25 per sf
Outside CBD $1.25 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 500 sf
Outside CBD - 1 per 500 sf

Standard Work Letter: $18.00 per sf, typically based on $/sf & quantity of materials

Operating Cost Escalation: Stop - Expenses $4.00-5.00

Cumulative Discount Rate: 12%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Interior Improvements
- Signing Bonuses

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance
- Business Services
- Sales
- Finance/Banking
- Engineering/Architecture
- Government

Minor Activity
- Energy

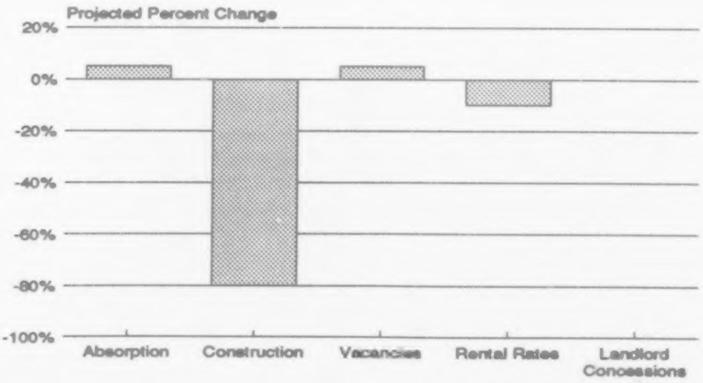
Demographics

		Rank
Population:	920,441	46
Population Growth Rate:	2.73%	
Unemployment Rate:	5.30%	
Median Household Income:	$28,576	62
Cost of living Index:	94.0	64

Outlook

Absorption	Up 5%
Construction	Down 80%
Vacancies	Up 5%
Rental Rates	Down 10%
Landlord Concessions	Same

Outlook
Jacksonville



1989 Review

Corporate relocations into the market by Merrill Lynch Home Equity and Tandem Financial led a strong year in absorption by the financial sector. Bio-technology firms were also generating demand, which had principally gone to modern suburban facilities. This market sector had a nine percent vacancy rate, compared with the overall availability rate for Jacksonville, which was 20.2 percent in 1989. Class "B" properties with the weakest total net absorption of almost three-quarter million sq. ft. was an extremely robust 7.8 percent of the total market inventory of 9.7 million sq. ft. Corporate facilities managers have been actively investigating this market, which couples economical lease rates with an attractive Florida lifestyle.

1990 Forecast

Softening should be expected in Jacksonville's central business district. The new Paragon/Barnett Bank headquarters will be opening in early summer, and the Florida National Bank/First Union merger will free 250,000 sq. ft. following consolidation. Hence both construction activity and effective rents should decline over the course of the year. A small improvement in net absorption is anticipated by SIOR's local correspondents. Build-to-suit activity will be the dominant news for the year, with projects underway for American Express Travel Services and a new Aetna Commercial Insurance facility.

Kansas City, Missouri/Kansas: Office

Kansas City Metropolitan Area, including Johnson County Kansas

Market Data

	Class A		Class B	
Inventory (sf)	CBD	Outside CBD	CBD	Outside CBD
Total	5,000,000	15,350,000	5,000,000	3,150,000
Vacant	675,000	2,150,000	900,000	441,000
Vacancy Rate	13.5%	14.0%	18.0%	14.0%
Vacant Sublease	250,000	35,000	0	5,150
Under Construction	750,000	820,000	0	0
Substantial Rehab	0	0	0	0
Net Absorption	5,000,000	1,600,000	200,000	0

	Class A		Class B	
Rental Rates ($/sf)	CBD	Outside CBD	CBD	Outside CBD
Lowest	16.00	17.00	6.50	10.00
Highest	23.50	22.50	14.00	16.00
Weighted Average	18.00	18.00	9.50	12.00

Utility Rates: CBD $2.00-2.15 per sf
Outside CBD $1.50-1.75 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 1,000 sf
Outside CBD - 1 per 250 sf

Standard Work Letter: $17.00 per sf, typically based on dollars per square foot

Operating Cost Escalation:
Base Year & Stop - $4.25-5.00

Cumulative Discount Rate: 15-17%

Landlord Concessions
- Parking
- Rental Abatement
- Moving Allowance
- Interior Improvements

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance
- Business Services
- Sales
- Finance/Banking
- Engineering/Architecture
- Government

Minor Activity
- Energy

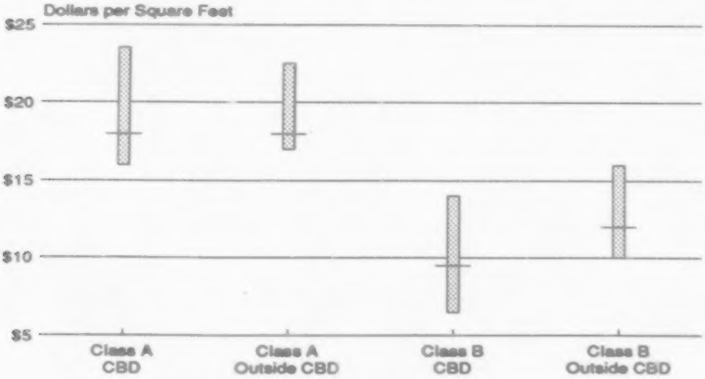
Demographics

		Rank
Population:	1,585,511	22
Population Growth Rate:	1.13%	
Unemployment Rate:	4.80%	
Median Household Income:	$32,449	27
Cost of living Index:	95.1	59

Outlook

Absorption	Same
Construction	Same
Vacancies	Down 3%
Rental Rates	Up 5%
Landlord Concessions	Down 3%

Rental Rates
Kansas City



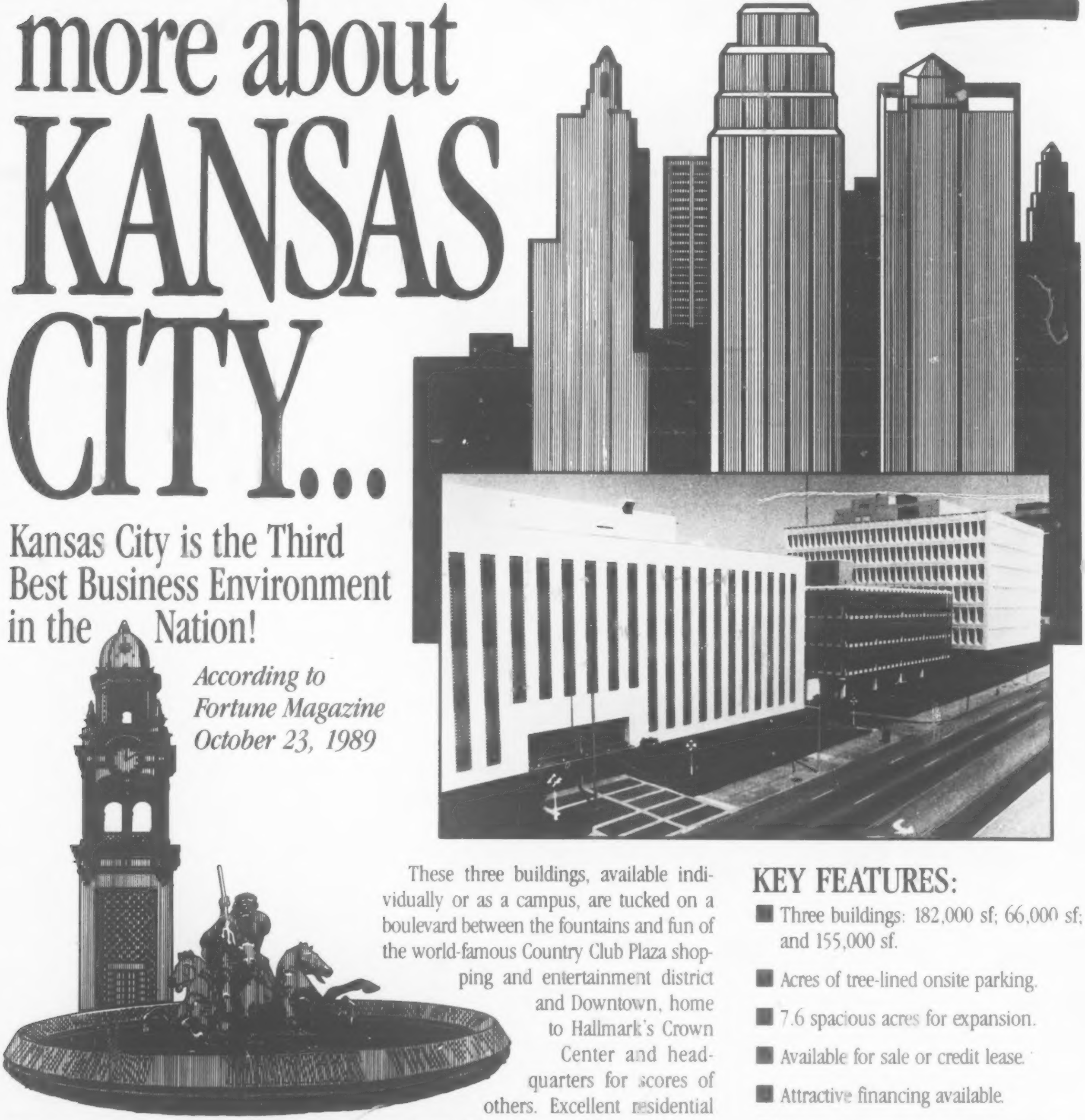
1989 Review

In 1989, Mobil Oil, Knight Ridder Publications, NCR, and Deluxe Checks were among the major firms contributing to a solid year, with Kansas City posting 6.8 million sq. ft. of net absorption. When arrayed against the 1.6 million sq. ft. of new construction underway, this gave the market one of the highest demand ratios in the nation. Expansion in the services industries has been the primary driver of leasing activity. Space was tight for mid-sized users (15,000 sq. ft. average tenancy) of Class "A" space throughout the metropolitan area. There was an abundance of small units of 4,000 sq. ft. or less available in modern buildings, but this represented a fairly inefficient distribution of inventory, despite the market's overall vacancy rate of 14.2 percent. Class "B" space, on the other hand, was soft in all areas of the city, and absorption and rents in this category were quite weak last year.

1990 Forecast

Enthusiasm for the Kansas City office market is growing as 1990 begins. Institutional investor interest is reported to be strong. The expansion of the Bartle Hall Exhibition Center is expected to trigger the announcement of a Kansas City World Trade Center of 300,000 sq. ft.. It is instructive that, of the new construction underway, 1.1 million sq. ft. is in the CBD and Plaza submarkets, the districts with the highest rents. With population on the increase and an unemployment rate below the national average, Kansas City will likely see an increase in attention for real estate investment on the part of both domestic and offshore interest.

You need to know one third more about KANSAS CITY...



Kansas City is the Third Best Business Environment in the Nation!

According to Fortune Magazine October 23, 1989

Now, that's a third worth knowing. *And* half the price of new office construction could put your company in the picture in the meticulously-maintained, move-in ready, former headquarters of a Fortune 500 company.

These three buildings, available individually or as a campus, are tucked on a boulevard between the fountains and fun of the world-famous Country Club Plaza shopping and entertainment district and Downtown, home to Hallmark's Crown Center and headquarters for scores of others. Excellent residential areas are close and accessible.

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KEY FEATURES:

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Contact: James M. Stacy, Broker, Lioness Realty Group, 3100 Broadway, Suite 303, Kansas City, Missouri 64111

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Knoxville, Tennessee: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	909,598	222,430	3,506,247	4,132,600
Vacant	247,182	47,320	697,187	596,941
Vacancy Rate	27.2%	21.3%	19.9%	14.4%
Vacant Sublease	0	0	130,000	30,000
Under Construction	360,000	50,000	175,700	30,000
Substantial Rehab	0	0	0	44,000
Net Absorption	90,000	217,100	7,400	100,000

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	15.00	9.00	3.30	3.00
Highest	16.75	16.00	14.00	16.00
Weighted Average	16.00	13.68	8.40	11.08

Utility Rates: CBD $2.00 per sf
Outside CBD $1.50 per sf
Not Separately Metered

Parking Ratio: CBD - n/a
Outside CBD - 1 per 200 sf

Standard Work Letter: $20.00 per sf, typically based on dollars per square foot

Operating Cost Escalation: Stop

Cumulative Discount Rate: n/a
Landlord Concessions
Rental Abatement
Interior Improvements

Leasing Activity Profile
Major Activity
Legal/Accounting
Minor Activity
Insurance
Business Services
Sales
Finance/Banking
Engineering/Architecture
Government

Demographics

		Rank
Population:	600,186	63
Population Growth Rate:	0.65%	
Unemployment Rate:	3.90%	
Median Household Income:	$24,198	89
Cost of living Index:	91.7	71

Outlook

Absorption	Up 5-10%
Construction	Up 5%
Vacancies	Down 2-5%
Rental Rates	Up 5%
Landlord Concessions	Same

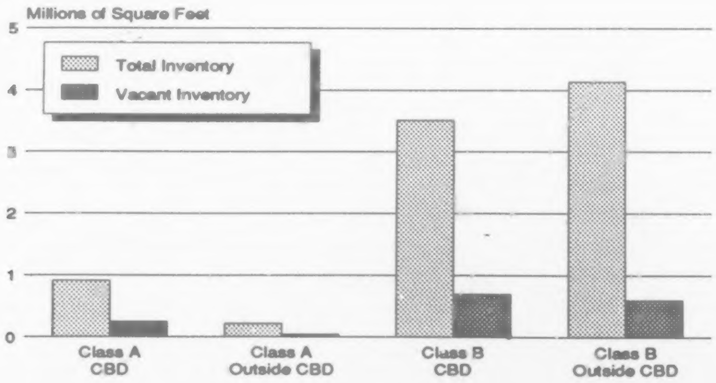
1989 Review

The office market locally spent much of 1989 digesting the 700,000 sq. ft. of space returned to the market by the Tennessee Valley Authority and the FDIC in the previous year. This represented about eight percent of the existing inventory, and threw the Knoxville market dramatically out of balance. Net absorption of 415,000 sq. ft. helped bring the vacancy rate down during 1989, although the market was still soft at a composite occupancy rate of only 82 percent. Knoxville's economic base depends heavily upon government and manufacturing, and lacks any powerful engine of office demand. There has been a lot of lateral movement in the market, as tenants trade up from Class "B" to Class "A" buildings. The better buildings are being aggressively marketed at the expense of older or poorly located properties.

1990 Forecast

SIOR's reporter believes that improving conditions for the market are in store during 1990. In the face of existing vacancies, no new speculative construction has been announced for this year. This should allow net new absorption, expected to increase five to 10 percent from 1989 levels, to make further inroads on the available stock of space. The trend toward greater diversification in the services industries will continue, but the cool economy of eastern Tennessee will limit the positive effects of change on the Knoxville office market.

Market Inventory
Knoxville



Lakeland, Florida: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	320,000	150,000	20,000	1,000,000
Vacant	37,000	35,000	200	275,000
Vacancy Rate	11.6%	23.3%	1.0%	27.5%
Vacant Sublease	10,000	n/a	n/a	5,500
Under Construction	n/a	275,000	n/a	25,000
Substantial Rehab	20,000	n/a	n/a	n/a
Net Absorption	25,000	n/a	n/a	77,000

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	11.50	12.00	8.50	8.50
Highest	16.50	15.50	10.00	11.00
Weighted Average	12.75	13.00	9.75	10.00

Utility Rates: CBD $1.80 per sf
Outside CBD $1.80 per sf
Separately Metered

Parking Ratio: CBD - 1 per 500 sf
Outside CBD - 1 per 250 sf

Standard Work Letter: $10.00 per sf, typically based on dollars per square foot

Operating Cost Escalation: Base Year

Cumulative Discount Rate: 10%

Landlord Concessions
- Parking
- Rental Abatement
- Interior Improvements

Leasing Activity Profile

Major Activity
- Insurance
- Business Services
- Sales
- Finance/Banking
- Government

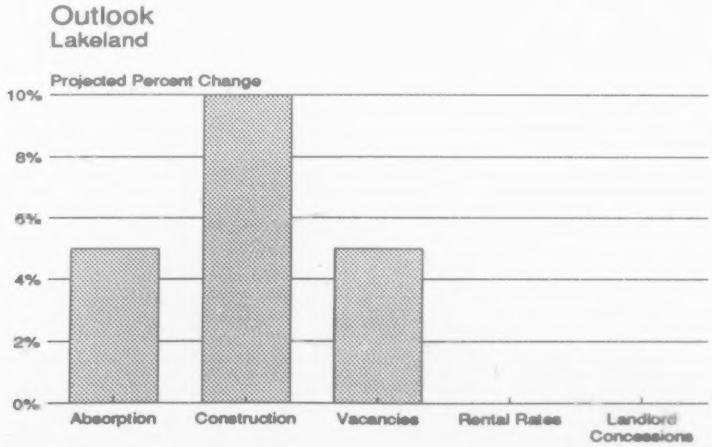
Minor Activity
- Legal/Accounting

Demographics

		Rank
Population:	403,012	79
Population Growth Rate:	2.54%	
Unemployment Rate:	n/a	
Median Household Income:	$23,432	93
Cost of living Index:	101.6	28

Outlook

Absorption	Up 5%
Construction	Up 10%
Vacancies	Up 5%
Rental Rates	Same
Landlord Concessions	Same



1989 Review

Lakeland's location between Tampa and Orlando has raised hopes that its small existing office market may be poised for significant expansion. In 1989, though, this remained more anticipation than performance. Lakeland has only 1.5 million sq. ft. of total office inventory, and two-thirds of the stock is Class "B" space. The occupancy rate last year was only 77 percent, rents were low, and net absorption was a mere 102,000 sq. ft.

1990 Forecast

Once beyond the downtown areas, central Florida towns quickly give way to rural or semi-rural conditions. Lakeland's major developments in 1990 will be outside of the CBD, further de-emphasizing the already small downtown core. The local newspaper is moving its office and printing operations to the Oakbridge area southwest of the city proper. A new suburban project with G.E. Client Services as anchor tenant will also open this year. The comparatively lower land costs in the Lakeland area are shifting residential and industrial demand into the area from the more established cities of Tampa and Orlando. This strengthening of the population and economic base will eventually give rise to greater demand for local services and offices to house them. This trend is probably going to take several years to become established, however, and the near-term forecast is only for marginal change in market conditions.

Lansing, Michigan: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	980,000	1,250,000	1,645,500	1,674,250
Vacant	30,000	65,000	15,000	75,000
Vacancy Rate	3.1%	5.2%	0.9%	4.5%
Vacant Sublease	n/a	n/a	n/a	n/a
Under Construction	485,000	150,000	n/a	n/a
Substantial Rehab	n/a	n/a	n/a	n/a
Net Absorption	192,000	21,000	0	6,100

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	13.00	10.00	9.00	8.00
Highest	18.95	17.50	17.50	12.00
Weighted Average	14.50	15.00	12.00	10.00

Utility Rates: CBD $1.60 per sf
Outside CBD $1.40 per sf
Not Separately Metered

Parking Ratio: CBD - n/a
Outside CBD - 1 per 200 sf

Standard Work Letter: $10.00 per sf, typically based on dollars per square foot

Operating Cost Escalation:
Base Year

Cumulative Discount Rate: 10%

Landlord Concessions
- Rental Abatement
- Lease Assumptions
- Interior Improvements

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance
- Business Services
- Sales
- Finance/Banking
- Engineering/Architecture
- Government

Minor Activity
- Energy

Demographics

		Rank
Population:	433,812	78
Population Growth Rate:	0.37%	
Unemployment Rate:	6.00%	
Median Household Income:	$31,064	38
Cost of living Index:	n/a	n/a

Outlook

Absorption	Up
Construction	Same
Vacancies	Down
Rental Rates	Same
Landlord Concessions	Same

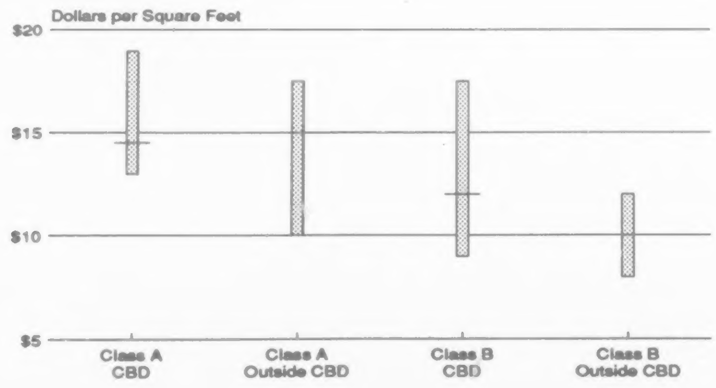
1989 Review

A government and education center, Michigan's capital enjoyed a good year for its office market in 1989. With a 3.3 percent vacancy rate, Lansing had the tightest market of any reporting in the SIOR survey. Leasing activity was spread among virtually all tenant sectors. State government, in particular, was a major user of office space, both in its own facilities and in privately owned buildings. Rents were stable in most building categories, and Class "B" space was commanding measurably higher lease prices than reported a year ago. New construction is needed to relieve the shortage of existing space, and 635,000 sq. ft. was reported in the development pipeline. Most of the new space being built in 1989 was in multi-tenant properties in the downtown district, and oriented to the small space users most common to the Lansing market.

1990 Forecast

The local market will remain very strong in 1990. The institutional character of Lansing's employment base should keep the economy on an even keel through the early 1990s. Foreign investment interest has not emerged, and is not likely to do so since the majority of the stock consists of comparatively small and relatively old office buildings. Most demand will be generated internally, characterized by trading up to Class "A" space as it becomes available in the market.

Rental Rates
Lansing



Little Rock, Arkansas: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	2,529,918	1,832,185	935,380	898,778
Vacant	509,577	298,935	275,828	186,868
Vacancy Rate	20.1%	16.3%	29.5%	20.8%
Vacant Sublease	50,043	0	0	0
Under Construction	0	70,700	0	0
Substantial Rehab	0	0	0	0
Net Absorption	74,657	50,390	-36,404	-35,620

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	10.00	8.50	5.33	6.75
Highest	21.12	28.35	15.34	16.10
Weighted Average	14.88	16.22	10.79	10.51

Utility Rates: CBD $2.50 per sf
Outside CBD $2.50 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 400 sf
Outside CBD - 1 per 200 sf

Standard Work Letter: n/a, typically based on dollars per square foot

Operating Cost Escalation: Base Year

Cumulative Discount Rate: 10%

Landlord Concessions
- Parking
- Rental Abatement
- Interior Improvements

Leasing Activity Profile
Minor Activity
- Legal/Accounting
- Business Services
- Government

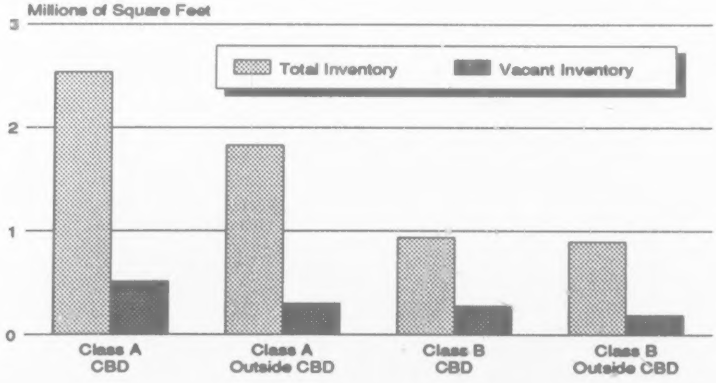
Demographics

		Rank
Population:	520,452	68
Population Growth Rate:	1.03%	
Unemployment Rate:	5.40%	
Median Household Income:	$26,954	75
Cost of living Index:	100.9	35

Outlook

Absorption	Same
Construction	Same
Vacancies	Same
Rental Rates	Same
Landlord Concessions	Same

Market Inventory
Little Rock



1989 Review

Sluggishness in the Arkansas economy meant that there was little aggregate change in the Little Rock office market during 1989. But an interesting subplot developed over the course of the year in the competition between Class "A" and Class "B" space. Compared with SIOR's survey data from last year, vacancies in Class "A" buildings were down three percentage points even as occupancy slipped in the Class "B" properties. Clearly, Little Rock was an upwardly mobile market for tenants in 1989. Net absorption was a disappointing 53,000 sq. ft., and the Class "B" market suffered negative net absorption of 72,000 sq. ft.. The sales market was also moribund last year.

1990 Forecast

Supply/demand balance will remain out of kilter in the coming year. Larger urban centers in the region have the advantage over Little Rock as business locations serving the central Southern states. Little Rock does possess an edge in its average real estate costs, one of the lowest in the nation. Very little new development activity is foreseen - only one modest-sized suburban project is under construction for the year. Few investor lists contain Little Rock as a target market for 1990, although the city's flagship hotel was recently purchased by Japanese investors.

Los Angeles-Central, California: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	13,555,860	-	7,257,872	-
Vacant	1,396,721	-	1,408,263	-
Vacancy Rate	10.3%	-	19.4%	-
Vacant Sublease	520,720	-	725,540	-
Under Construction	7,042,528	-	308,000	-
Substantial Rehab	n/a	-	n/a	-
Net Absorption	500,000	-	200,000	-

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	24.00	-	19.00	-
Highest	35.00	-	26.00	-
Weighted Average	29.00	-	23.00	-

Utility Rates: CBD $1.85 per sf
Outside CBD $1.50 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 1,000 sf
Outside CBD - 1 per 500 sf

Standard Work Letter: n/a, typically based on dollars per square foot

Operating Cost Escalation: Base Year

Cumulative Discount Rate: 15-20%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Finance/Banking
- Government

Minor Activity
- Insurance
- Business Services
- Sales
- Engineering/Architecture
- Energy

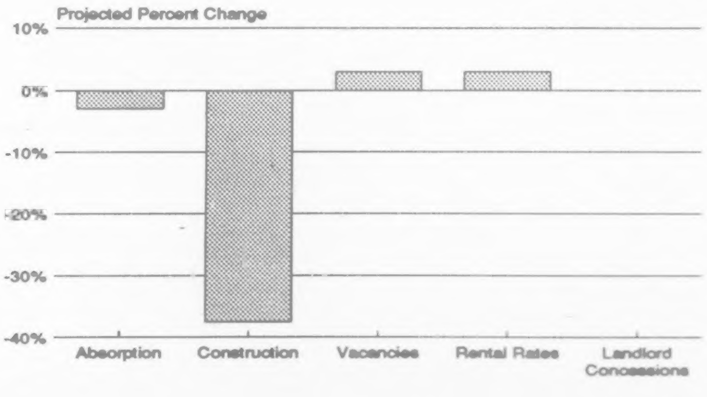
Demographics

		Rank
Population:	8,804,062	1
Population Growth Rate:	1.83%	
Unemployment Rate:	4.80%	
Median Household Income:	$31,276	37
Cost of living Index:	126.5	6

Outlook

Absorption	Down 1-5%
Construction	Down 25-50%
Vacancies	Up 1-5%
Rental Rates	Up 1-5%
Landlord Concessions	Same

Outlook
Los Angeles-Central

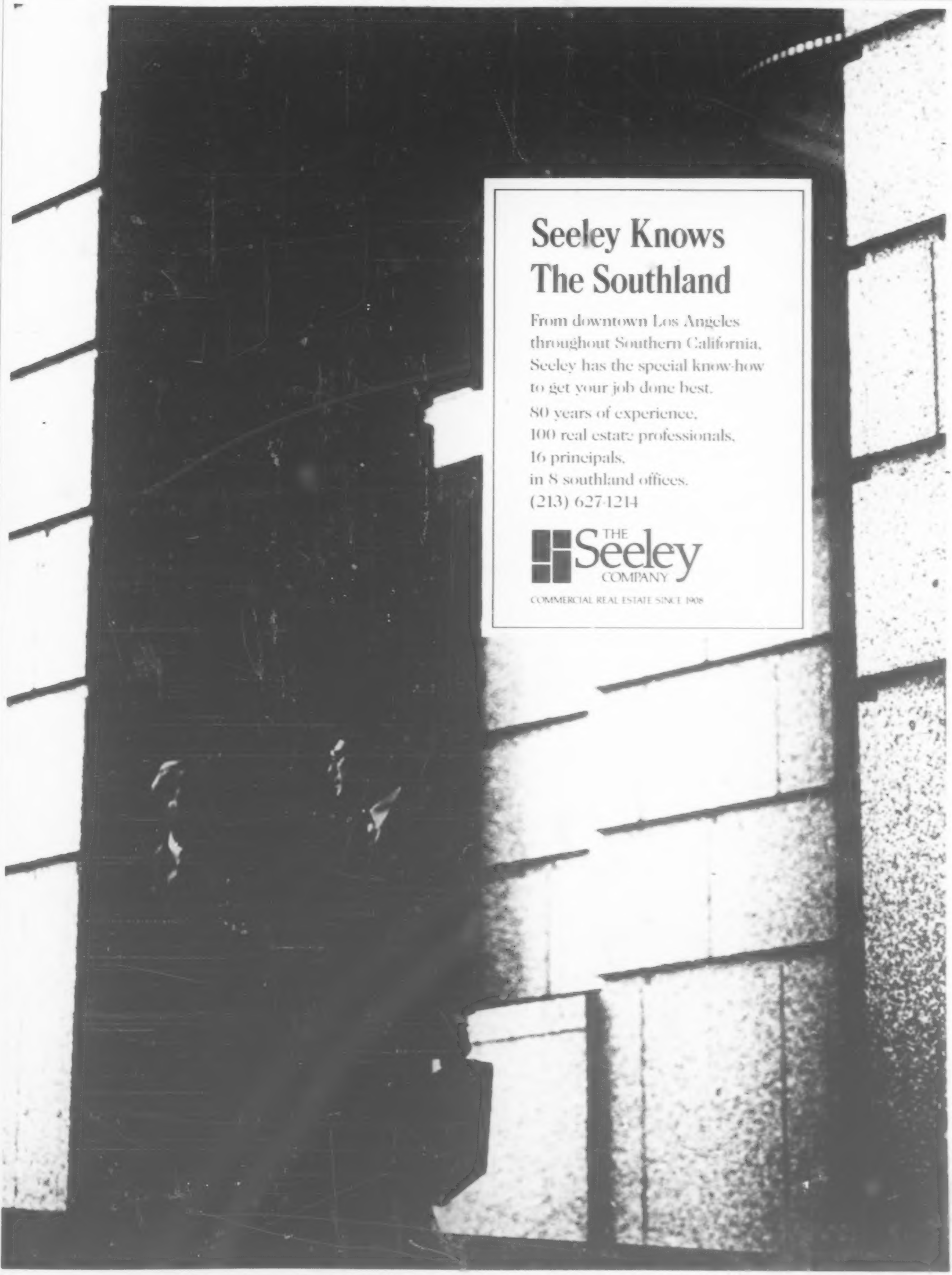


1989 Review

Class "A" office space was in high demand by prestigious law firms, banks, and major accounting firms. Net absorption for 1989 was a solid 700,000 sq. ft. and preleasing for the more than seven million sq. ft. of space under construction has been steady. But large blocks of sublease space are appearing, and signs of concern are starting to appear in the downtown L.A. market. The best buildings saw little in the way of rental increase during 1989, and the Class "B" market has fallen back when this year's SIOR survey is compared to last year. Landlord concessions are five percent higher than twelve months ago. Foreign investors, most visibly the Japanese, have been a major presence in the acquisition and the development of new office space. The Eighties will long be remembered as the decade in which Los Angeles grew a world-class central business district in its historic downtown.

1990 Forecast

Last year's concern is expected to be translated into this year's weakening statistics. Absorption and new construction are anticipated to fall, and vacancies to edge up in 1990. Los Angeles' zoning ordinance was changed several years ago to encourage the concentration of office construction in the downtown area. As a result, a record amount of development is scheduled to enter the market in 1991. Any outlook for the future must account for the fact that seven million sq. ft. of new building is 10 times the rate of last year's absorption. Even Los Angeles is going to be challenged to generate growth enough to warrant such a spectacular amount of inventory additions.



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1991 GUIDE

Los Angeles-Orange County, California: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	47,855,563	-	-	-
Vacant	10,268,370	-	-	-
Vacancy Rate	21.5%	-	-	-
Vacant Sublease	482,929	-	-	-
Under Construction	3,255,998	-	-	-
Substantial Rehab	n/a	-	-	-
Net Absorption	2,672,236	-	-	-

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	17.00	16.00	17.00	11.00
Highest	27.00	21.00	20.00	15.00
Weighted Average	n/a	n/a	n/a	n/a

Utility Rates: CBD $1.80 per sf
Outside CBD n/a
Not Separately Metered

Parking Ratio: CBD - 1 per 250 sf
Outside CBD - 1 per 250 sf

Standard Work Letter: $25.00 per sf, typically based on dollars per square foot

Operating Cost Escalation:
Base Year & Stop - Both $6 sq ft

Cumulative Discount Rate: 15-25%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements
- Cash bonus to broker

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Business Services
- Finance/Banking

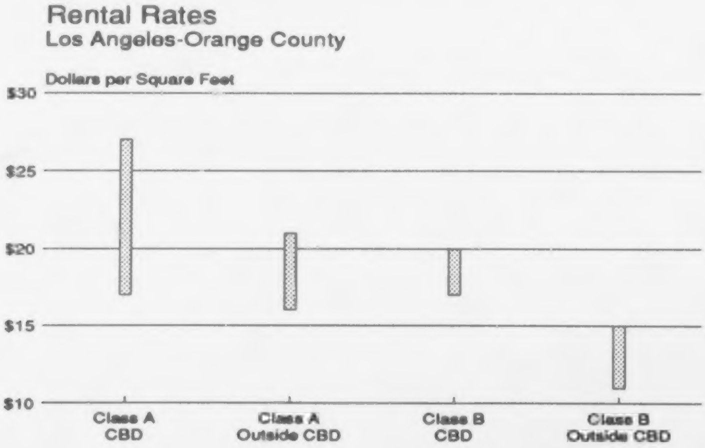
Minor Activity
- Insurance
- Sales
- Engineering/Architecture
- Energy

Demographics

		Rank
Population:	2,296,839	15
Population Growth Rate:	1.94%	
Unemployment Rate:	3.20%	
Median Household Income:	$41,181	5
Cost of living Index:	132.3	3

Outlook

Absorption	Same
Construction	Up 5-10%
Vacancies	Same
Rental Rates	Down 5%
Landlord Concessions	Up 1-5%



1989 Review

Leasing activity was off greatly from 1988. The construction of office space for north and central Orange County has virtually stopped to allow demand to catch up. Development continued at a rapid rate near the airport in Irvine and in the southern reaches of the county, even though the present level of demand did not warrant the growth. Hence, Orange County saw a very soft office market during 1989, with occupancy rates below 80 percent and lower effective rents than at any time since 1985. Leasing concession packages reached as much as 25 percent of basic rent over the lease term. A number of Class "A" properties have been placed up for sale as joint venture partners look for ways to realize cash returns on their investments.

1990 Forecast

With SIOR's correspondent predicting a further decline in rental rates and increasing landlord concessions, it is paradoxical that the construction levels are forecast to rise five to 10 percent. Nine major projects are slated for the airport area and more are proposed in the south county markets. Ironically, the slow growth/no growth movements sweeping the state of California are pushing builders to get into the ground quickly before the rules of the game change. Consequently the probability of poorly planned projects exacerbating congestion and environmental problems is rising. Orange County will be a market ripe for investor re-evaluation in 1990 and beyond.

Los Angeles-San Bernardino County, California: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	485,321	1,797,046	726,002	3,792,131
Vacant	157,494	411,713	172,284	883,109
Vacancy Rate	32.5%	22.9%	23.7%	23.3%
Vacant Sublease	n/a	n/a	n/a	n/a
Under Construction	54,000	195,000	72,000	44,900
Substantial Rehab	n/a	n/a	n/a	n/a
Net Absorption	52,200	268,400	50,680	202,720

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	15.00	15.00	13.00	12.00
Highest	20.00	24.00	19.00	18.00
Weighted Average	17.00	18.00	16.00	14.00

Utility Rates: CBD $1.56 per sf
Outside CBD $1.56 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 250 sf
Outside CBD - 1 per 250 sf

Standard Work Letter: $18.00 per sf, typically based on dollars per square foot

Operating Cost Escalation: Base Year & Stop - Primarily

Cumulative Discount Rate: 10.4%

Landlord Concessions
- Rental Abatement
- Interior Improvements

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance
- Finance/Banking
- Engineering/Architecture

Minor Activity
- Business Services
- Sales
- Government
- Energy

Demographics

Demographics		Rank
Population:	2,277,982	16
Population Growth Rate:	4.31%	
Unemployment Rate:	6.40%	
Median Household Income:	$27,720	65
Cost of living Index:	106.7	16

Outlook

Outlook	
Absorption	Up 10%
Construction	Same
Vacancies	Same
Rental Rates	Same
Landlord Concessions	Up 5%

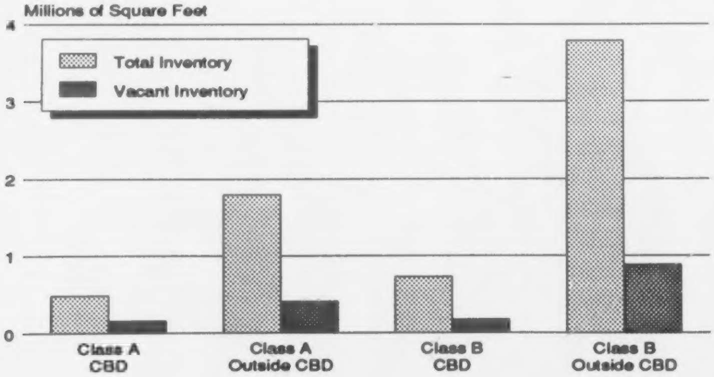
1989 Review

Leasing activity was once again spirited in the desert counties east of Los Angeles. Relocation of firms from L.A. itself and from Orange County was on the increase, as tenants seek less expensive space, relief from urban congestion, and affordable housing for their workforce. San Bernardino/Riverside registered high vacancy rates, but these were the availabilities of additional inventory being provided to accomodate reasonably predictable future demand. The market is still relatively young and small: total inventory amounts to only 6.8 million sq. ft.. Net absorption for 1989 came to 574,000 sq. ft., which was 57 percent more than the new construction activity reported by SIOR's local researchers. Last year, all in all, was one in which the market assumed greater definition and the lines of future development became more apparent.

1990 Forecast

The new specific development centers around the Ontario Airport and the Haven Avenue corridor. The intersection of Interstate highways 10 and 215 is also a top development node. Market preference is shifting from low-rise structures to mid-rise, identifiably Class "A" buildings. Economic growth in this rapidly evolving metropolitan area is encourging a positive outlook for 1990. Relocation activity and move-up from local users are anticipated to boost absorption by 10 percent during the year. Riverside/San Bernardino will continue to carve out a niche as a lower cost alternative to the large, more established adjacent Southern California markets.

Market Inventory
Los Angeles-San Bernardino County



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Los Angeles-San Fernando Valley, California: Office

Market Data

	Class A		Class B	
Inventory (sf)	CBD	Outside CBD	CBD	Outside CBD
Total	-	3,500,000	-	1,200,000
Vacant	-	700,000	-	370,000
Vacancy Rate	-	20.0%	-	30.8%
Vacant Sublease	-	40,000	-	n/a
Under Construction	-	620,000	-	440,000
Substantial Rehab	-	100,000	-	n/a
Net Absorption	-	250,000	-	130,000

	Class A		Class B	
Rental Rates ($/sf)	CBD	Outside CBD	CBD	Outside CBD
Lowest	-	25.20	-	18.00
Highest	-	33.00	-	25.20
Weighted Average	-	27.60	-	21.00

Utility Rates: CBD n/a
Outside CBD $1.20 per sf
Not Separately Metered

Parking Ratio: CBD - n/a
Outside CBD - 1 per 300 sf

Standard Work Letter: $25.00 per sf

Operating Cost Escalation:
Base Year

Cumulative Discount Rate: 10%
Landlord Concessions
- Parking
- Rental Abatement
- Interior Improvements

Leasing Activity Profile
Major Activity
- Legal/Accounting
- Insurance
- Sales

Minor Activity
- Business Services
- Finance/Banking
- Government

1989 Review

Office space demand was very slow for the San Fernando Valley market in 1989. Net absorption was down 40 percent from the average of the prior three years, and amounted to only 380,000 sq. ft.. Over a million sq. ft. of existing space is vacant, and an equivalent volume of new construction is coming to market. The local economy, it must be said, is still one of the soundest in the country. Major law and accounting firms have been focusing their location searches in the west valley area. Larger back office users are moving more to the periphery in search of projects with lower land and building costs. In 1989, the weighted average rent outside the prime area was 24 percent below the prevailing CBD lease rate.

1990 Forecast

A stunning improvement in the fortunes of this market is predicted by SIOR's observers on the scene. Absorption is forecast to rise 25 percent, with a complementary decrease in vacancy. Construction is expected to be sharply lower, as several proposed projects may need to wait until the end of 1990 to secure required government approvals.

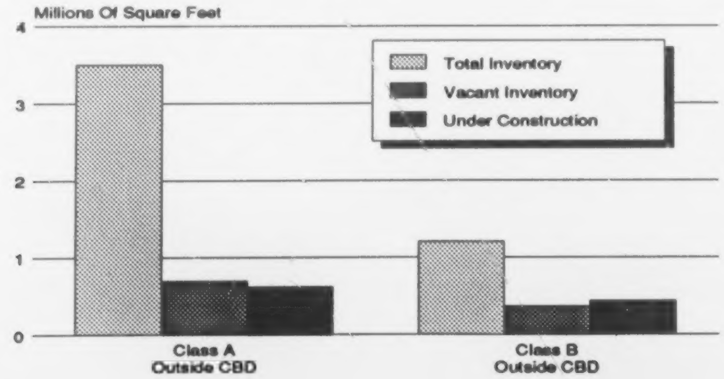
Demographics

		Rank
Population:	8,804,062	1
Population Growth Rate:	1.83%	
Unemployment Rate:	n/a	
Median Household Income:	$31,276	37
Cost of living Index:	n/a	6

Outlook

Absorption	Up 25%
Construction	Down 30%
Vacancies	Down 20%
Rental Rates	Same
Landlord Concessions	Same

Market Inventory
Los Angeles-San Fernando Valley



Los Angeles-San Gabriel County, California: Office

Market Data

	Class A		Class B	
Inventory (sf)	CBD	Outside CBD	CBD	Outside CBD
Total	-	3,000,000	-	4,300,000
Vacant	-	700,000	-	600,000
Vacancy Rate	-	23.3%	-	14.0%
Vacant Sublease	-	20,000	-	70,000
Under Construction	-	500,000	-	100,000
Substantial Rehab	-	n/a	-	n/a
Net Absorption	-	400,000	-	300,000

	Class A		Class B	
Rental Rates ($/sf)	CBD	Outside CBD	CBD	Outside CBD
Lowest	-	20.00	-	14.00
Highest	-	24.00	-	18.00
Weighted Average	-	21.00	-	16.00

Utility Rates: CBD n/a
Outside CBD $1.44 per sf
Not Separately Metered

Parking Ratio: CBD - n/a
Outside CBD - 1 per 250 sf

Standard Work Letter: $22.50 per sf, typically based on dollars per square foot

Operating Cost Escalation:
Base Year & Stop - $5.40-6.00

Cumulative Discount Rate: 12%
Landlord Concessions
- Rental Abatement
- Interior Improvements

Leasing Activity Profile
Major Activity
- Insurance
- Business Services
- Sales
- Finance/Banking
- Engineering/Architecture
- Government
- Real Estate

Minor Activity
- Legal/Accounting
- Energy

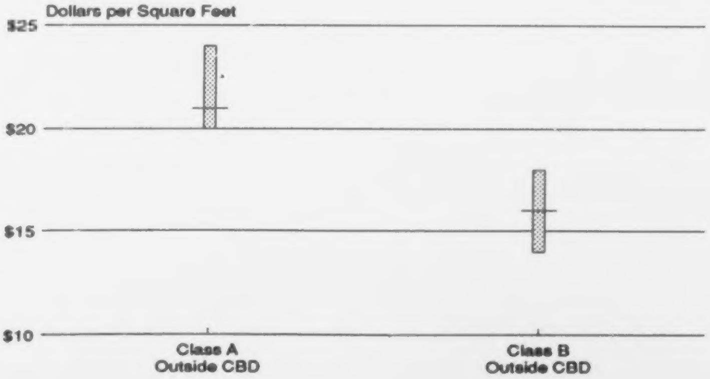
Demographics

		Rank
Population:	8,804,062	1
Population Growth Rate:	1.83%	
Unemployment Rate:	n/a	
Median Household Income:	$31,276	37
Cost of living Index:	n/a	6

Outlook

Absorption	Up 5%
Construction	Same
Vacancies	Same
Rental Rates	Same
Landlord Concessions	Up 5%

Rental Rates
Los Angeles-San Gabriel County



1989 Review

Soft conditions plagued this suburban Los Angeles market once again in 1989. San Gabriel's market niche would appear to be low cost back office space, but the level of rent which characterized the area has not been stimulating the large scale moves necessary to drive its Class "A" vacancy rate below 20 percent. The relatively good affordability of housing here is bolstering the residential base, but as yet the people living in the county are leaving early in the morning and facing a long commute to work. Asian investors have discovered the area, and commerical acquisitions by Chinese and Korean interests were features of the San Gabriel market recently. Construction activity underway nearly matched the amount of net absorption in 1989, leaving this market's condition virtually unchanged from a year ago.

1990 Forecast

The five percent increase in net absorption expected by SIOR's local commentators will not be enough to materially affect the overbuilt situation in San Gabriel County. Vacancies and rental rates are likely to hold steady over the course of the year, with landlords becoming more aggressive discounters in the competition for tenants. The logic of a move from the core markets of L.A. to lower cost alternatives for back office functions seems persuasive, but with so many submarkets ringing the central city the amount of competition is immense. San Gabriel's low housing cost is its hole card, but the game is running long and the stakes are rising.

Los Angeles-South Bay, California: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	-	15,449,307	-	12,191,985
Vacant	-	3,290,702	-	1,975,101
Vacancy Rate	-	21.3%	-	16.2%
Vacant Sublease	-	293,536	-	207,263
Under Construction	-	872,628	-	-
Substantial Rehab	-	0	-	-
Net Absorption	-	1,478,515*	-	-

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	-	13.25	-	7.80
Highest	-	34.80	-	29.52
Weighted Average	-	23.52	-	18.36

Utility Rates: CBD n/a
Outside CBD $1.75 per sf
Not Separately Metered

Parking Ratio: CBD - n/a
Outside CBD - 1 per 400 sf

Standard Work Letter: $25.00 per sf, typically based on dollars per square foot

Operating Cost Escalation:
Base Year & Stop - $7.50

Cumulative Discount Rate: 15-25%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Business Services
- Sales
- Transportation

Minor Activity
- Insurance
- Finance/Banking
- Government

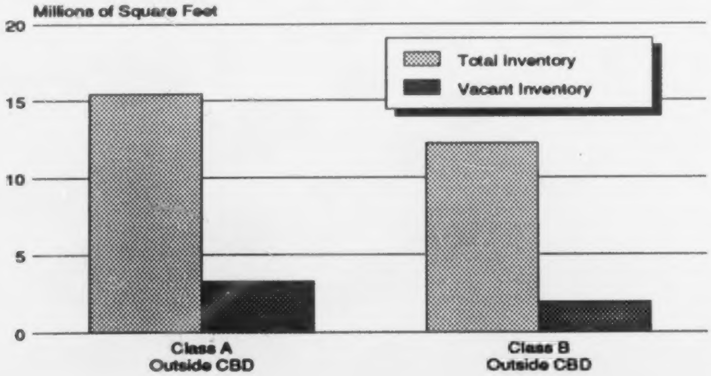
Demographics

		Rank
Population:	8,804,062	1
Population Growth Rate:	1.83%	
Unemployment Rate:	n/a	
Median Household Income:	$31,276	37
Cost of living Index:	n/a	6

Outlook

Absorption	Up
Construction	Down
Vacancies	Down
Rental Rates	Up
Landlord Concessions	Down

Market Inventory
Los Angeles-South Bay



1989 Review

This is a significant component of the Los Angeles metropolitan office market, with 27.5 million sq. ft. of total inventory. It contains a number of distinct submarkets, including the LAX (airport) district, Long Beach and Torrance. Last year LAX and Long Beach posted fine performances, while Torrance lagged considerably behind. LAX, in particular, saw an influx of tenants from the West L.A. markets in search of more economical space. A key reason for the vacancy rate remaining at 19.1 percent in 1989 was the pullback in the aerospace industry, weakening the landlords' hand and prompting ever increasing rental concessions. Corporations were active on their own accounts in 1989. Mattel Toys acquired a 302,000 sq. ft., 14-story office tower for its staff. Toyota Motors also bought an office building to house local operations this past year.

1990 Forecast

Absorption in the coming year is forecast to surpass the 1.5 million sq. ft. of increased occupancy registered in 1989. Tenant demand will likely continue as a mix of services, sales and corporate operations. Defense cutbacks and slashed governmental spending are forces causing serious concern for this market. But the wider mix of tenancies could nonetheless support a decrease in vacancy and higher rents in 1990.

* Net Absorption of Class "A" and "B" space is combined.

Los Angeles-West, California: Office

Market Data

	Class A		Class B	
Inventory (sf)	CBD	Outside CBD	CBD	Outside CBD
Total	-	31,000,000	-	16,000,000
Vacant	-	3,400,000	-	1,000,000
Vacancy Rate	-	11.0%	-	6.3%
Vacant Sublease	-	1,000,000	-	400,000
Under Construction	-	4,300,000	-	400,000
Substantial Rehab	-	300,000	-	400,000
Net Absorption	-	n/a	-	n/a

	Class A		Class B	
Rental Rates ($/sf)	CBD	Outside CBD	CBD	Outside CBD
Lowest	-	24.10	-	18.25
Highest	-	41.40	-	28.40
Weighted Average	-	32.18	-	23.76

Utility Rates: CBD n/a
Outside CBD $1.80 per sf
Not Separately Metered

Parking Ratio: CBD - n/a
Outside CBD - 1 per 333 sf

Standard Work Letter: $29.00 per sf, typically based on dollars per square foot

Operating Cost Escalation:
Base Year & Stop - $8.00 sq ft/yr

Cumulative Discount Rate: 10%

Landlord Concessions
- Rental Abatement
- Lease Assumptions
- Interior Improvements

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Entertainment

Minor Activity
- Insurance
- Business Services
- Sales
- Finance/Banking
- Engineering/Architecture
- Government

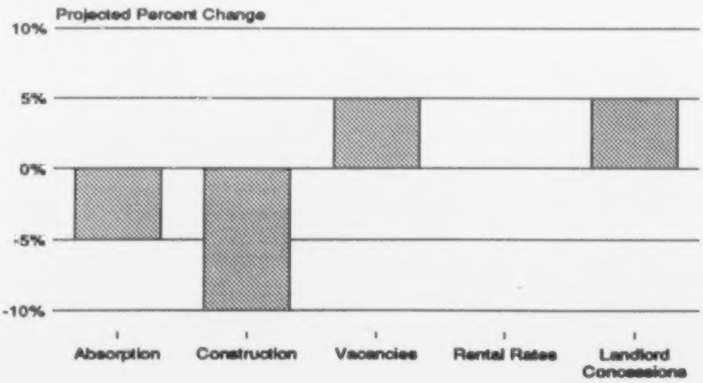
Demographics

		Rank
Population:	8,804,062	1
Population Growth Rate:	1.83%	
Unemployment Rate:	n/a	
Median Household Income:	$31,276	37
Cost of living Index:	n/a	6

Outlook

Absorption	Down 5%
Construction	Down 10%
Vacancies	Up 5%
Rental Rates	Same
Landlord Concessions	Up 5%

Outlook
Los Angeles-West



1989 Review

West L.A. was the tightest of all the office markets in the greater Los Angeles area during 1989. Its overall occupancy rate of 90.6 percent was, in fact, one of the strongest in the nation last year. Rents have been rising in response to the increasing scarcity and have broken $40 per sq. ft. for prime buildings. Somewhat anomolously, rents in this submarket exceeded those in downtown L.A. The high cost of space caused some tenants to relocate from the area as leases expired and leasing activity in 1989 was down more than 30 percent from the record year of 1987. The South Bay and San Fernando Valley areas have been the major beneficiaries of moves from West L.A., but even downtown captured some of the relocating firms. In some ways, this is the price of serving as the market leader in the Los Angeles basin.

1990 Forecast

The coming year is expected to be one of adjustment to tough competition for tenants from other locations. Economic activity is strong enough in Southern California to stimulate growth in most services industries, and in the locally important entertainment companies. Banking and defense, however, are expected to be consolidating in 1990. The downzoning of this market will delay the construction of new projects, but is not expected to halt the flow of new projects. Leasing activity this year is forecast to be a notch lower than in 1989.

Louisville, Kentucky: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	3,500,000	2,000,000	4,000,000	4,000,000
Vacant	150,000	300,000	600,000	650,000
Vacancy Rate	4.3%	15.0%	15.0%	16.3%
Vacant Sublease	30,000	50,000	100,000	150,000
Under Construction	550,000	200,000	n/a	n/a
Substantial Rehab	n/a	n/a	n/a	n/a
Net Absorption	70,000	40,000	50,000	40,000

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	12.50	12.00	10.00	8.00
Highest	18.00	16.50	12.50	11.00
Weighted Average	15.00	14.50	11.50	9.50

Utility Rates: CBD $1.50 per sf
Outside CBD $1.10 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 1,700 sf
Outside CBD - 1 per 200 sf

Standard Work Letter: n/a, typically based on dollars per square foot

Operating Cost Escalation: Stop

Cumulative Discount Rate: 20%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements
- Special Tenant Improvements
- Cash

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance
- Government

Minor Activity
- Business Services
- Sales
- Finance/Banking
- Engineering/Architecture
- Energy

Demographics

Demographics		Rank
Population:	968,700	41
Population Growth Rate:	0.14%	
Unemployment Rate:	7.40%	
Median Household Income:	$27,383	69
Cost of living Index:	94.3	62

Outlook

Outlook	
Absorption	Up
Construction	Down 30%
Vacancies	Down 3%
Rental Rates	Up
Landlord Concessions	Down

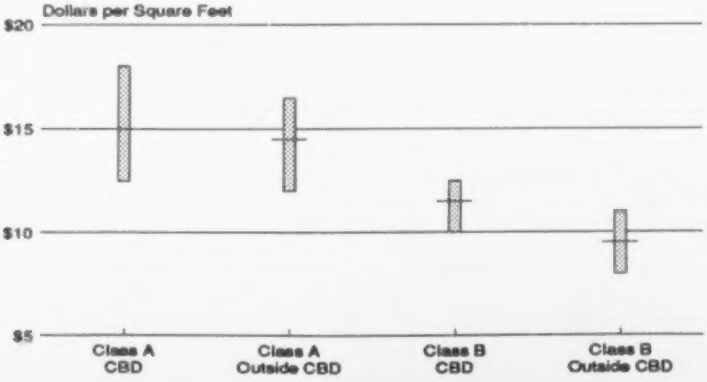
1989 Review

Slow but steady growth brought the downtown Class "A" vacancy rate to an all-time low of 4.3 percent in 1989. The marketwide vacancy rate was a respectable 12.6 percent, with most of the weakness in the Class "B" inventory. Total net absorption was 200,000 sq. ft., with 60 percent of that concentrated in the downtown market. Louisville's CBD has reaped the benefits of a concerted effort to improve infrastructure, promote adaptive re-use, and encourage corporate community activism. The results were visible and very attractive. The market rent levels were modest, and the full menu of leasing concessions revealed the competition for tenants in a market heavily dependent upon internally generated demand. Relocations have not played a significant positive role in the progress of this market.

1990 Forecast

With the tightness of the downtown market constraining tenant choices, three new buildings have been proposed, and perhaps two will actually begin in the next year. The influence of the new construction costs are expected to lead market rents upward in 1990 for existing properties as well. Speculative development in the suburbs will slow down this year, as the market seeks to rectify the imbalance between recent construction volumes and the slacker level of new absorption.

Rental Rates
Louisville



Melbourne/South Brevard County, Florida: Office

Market Data

	Class A		Class B	
Inventory (sf)	CBD	Outside CBD	CBD	Outside CBD
Total	-	612,918	-	419,578
Vacant	-	100,515	-	237,798
Vacancy Rate	-	16.4%	-	56.7%
Vacant Sublease	-	n/a	-	n/a
Under Construction	-	92,800	-	92,800
Substantial Rehab	-	n/a	-	n/a
Net Absorption	-	39,445	-	22,806

	Class A		Class B	
Rental Rates ($/sf)	CBD	Outside CBD	CBD	Outside CBD
Lowest	-	11.00	-	6.00
Highest	-	18.00	-	10.50
Weighted Average	-	14.50	-	8.25

Utility Rates: CBD n/a
Outside CBD $1.20 per sf
Separately Metered

Parking Ratio: CBD - n/a
Outside CBD - 1 per 300 sf

Standard Work Letter: $18.00 per sf, typically based on dollars per square foot

Operating Cost Escalation: Base Year

Cumulative Discount Rate: 0-5%

Landlord Concessions
- Rental Abatement
- Moving Allowance
- Interior Improvements

Leasing Activity Profile

Major Activity
- Business Services
- Engineering/Architecture

Minor Activity
- Legal/Accounting
- Insurance
- Sales
- Finance/Banking
- Government

Demographics

		Rank
Population:	399,509	82
Population Growth Rate:	4.32%	
Unemployment Rate:	5.10%	
Median Household Income:	$32,092	30
Cost of living Index:	n/a	n/a

Outlook

Absorption	Up 15%
Construction	Same
Vacancies	Down 10%
Rental Rates	Same
Landlord Concessions	Same

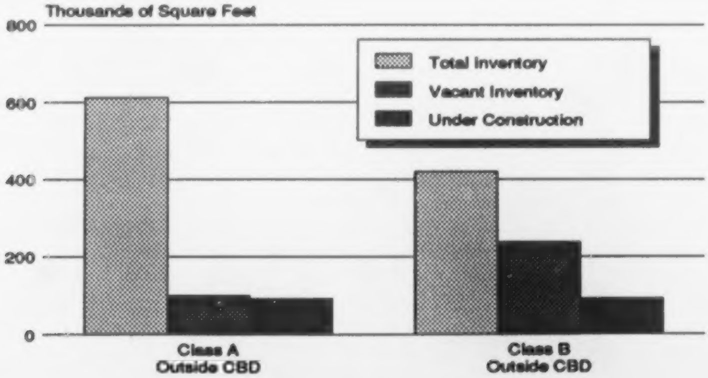
1989 Review

One of the nation's fastest population growth areas, Melbourne took another step toward economic recovery during 1989. The local business base had been buffeted first by the sudden electronics contraction and then the paralysis at NASA following the Challenger space shuttle catastrophe. In combination, these events struck at the foundations of Melbourne's economic base. Led by engineering and design firms, the comeback of this east central Florida county has begun to produce some positive trends for its small office market. Net absorption of 52,000 sq. ft. in 1989 reduced vacancies in the market to 32.8 percent, down almost six percentage points in a year. The CBD showed a clear advantage in absorption and total occupancy last year. Rents in this thin, soft market are among the lowest in the country, with a weighted average of $14.50 per sq. ft. in the downtown, and only $8.25 per sq. ft. in peripheral locations.

1990 Forecast

Another year of measurable improvement is predicted for 1990. The resumption of normal operations at Cape Canaveral, continued migration into central Florida, and the untapped potential of the entry of the private sector into the space launch industry are the key forces undergirding the optimistic outlook. Supply/demand conditions are expected to move toward balance, but not to arrive there in 1990. Rents, therefore, are unlikely to turn upward and the construction market will be slow.

Market Inventory
Melbourne/S. Brevard County



Memphis, Tennessee: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	1,947,910	8,233,000	3,438,000	2,619,000
Vacant	268,400	1,286,581	1,154,713	522,646
Vacancy Rate	13.8%	15.6%	33.6%	20.0%
Vacant Sublease	n/a	n/a	n/a	n/a
Under Construction	0	0	0	0
Substantial Rehab	296,955	0	0	0
Net Absorption	72,000	243,750	18,000	81,250

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	12.00	14.00	8.25	8.00
Highest	17.50	22.00	11.00	14.50
Weighted Average	n/a	n/a	n/a	n/a

Utility Rates: CBD $1.25 per sf
Outside CBD $1.25 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 1,000 sf
Outside CBD - 1 per 250 sf

Standard Work Letter: n/a, typically based on dollars per square foot

Operating Cost Escalation: Base Year & Stop

Cumulative Discount Rate: 0-25%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements

Leasing Activity Profile

Minor Activity
- Legal/Accounting
- Insurance
- Business Services
- Sales
- Finance/Banking
- Engineering/Architecture
- Government
- Energy

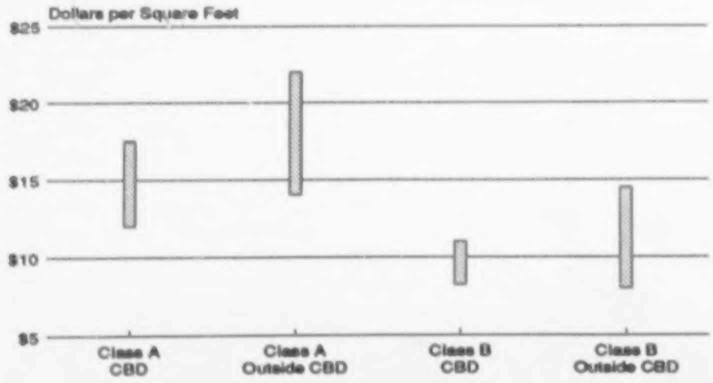
Demographics

		Rank
Population:	987,955	38
Population Growth Rate:	0.87%	
Unemployment Rate:	3.60%	
Median Household Income:	$25,162	82
Cost of living Index:	98.2	44

Outlook

Absorption	Down
Construction	Down
Vacancies	Down
Rental Rates	Up
Landlord Concessions	Down

Rental Rates
Memphis



1989 Review

Memphis calls itself "America's Distribution Center," and this title reflects accurately the predominance of goods over services in the local economy. The metropolitan area contained a 16.2 million sq. ft. office inventory as of 1989. But absorption was a paltry 414,000 sq. ft., the vacancy rate was 19.9 percent, and no new construction was underway. The majority of Memphis' office buildings are located outside of the CBD, and well-located office/business parks held an advantage during 1989, with rents well above comparable space in the downtown. Demand for office space was termed "stable" by SIOR's market reporters, with moderate expansion activity from many tenant categories but strong space needs emerging from none.

1990 Forecast

There has been no announcement for groundbreaking for speculative office space in 1990, but several developers have land assembled and working drawings prepared in case of a swing in the market. Importantly, there is a cadre of builders still able to operate in the current tight construction financing environment. An upward shift in the market, unfortunately, does not seem probable in 1990. Absorption is projected to be slower in 1990 than in the year just past. Even tepid leasing activity will reduce vacancies further, though, with construction activity at its present standstill. The most probable place for rising rents to emerge is in the Class "A" suburban inventory.

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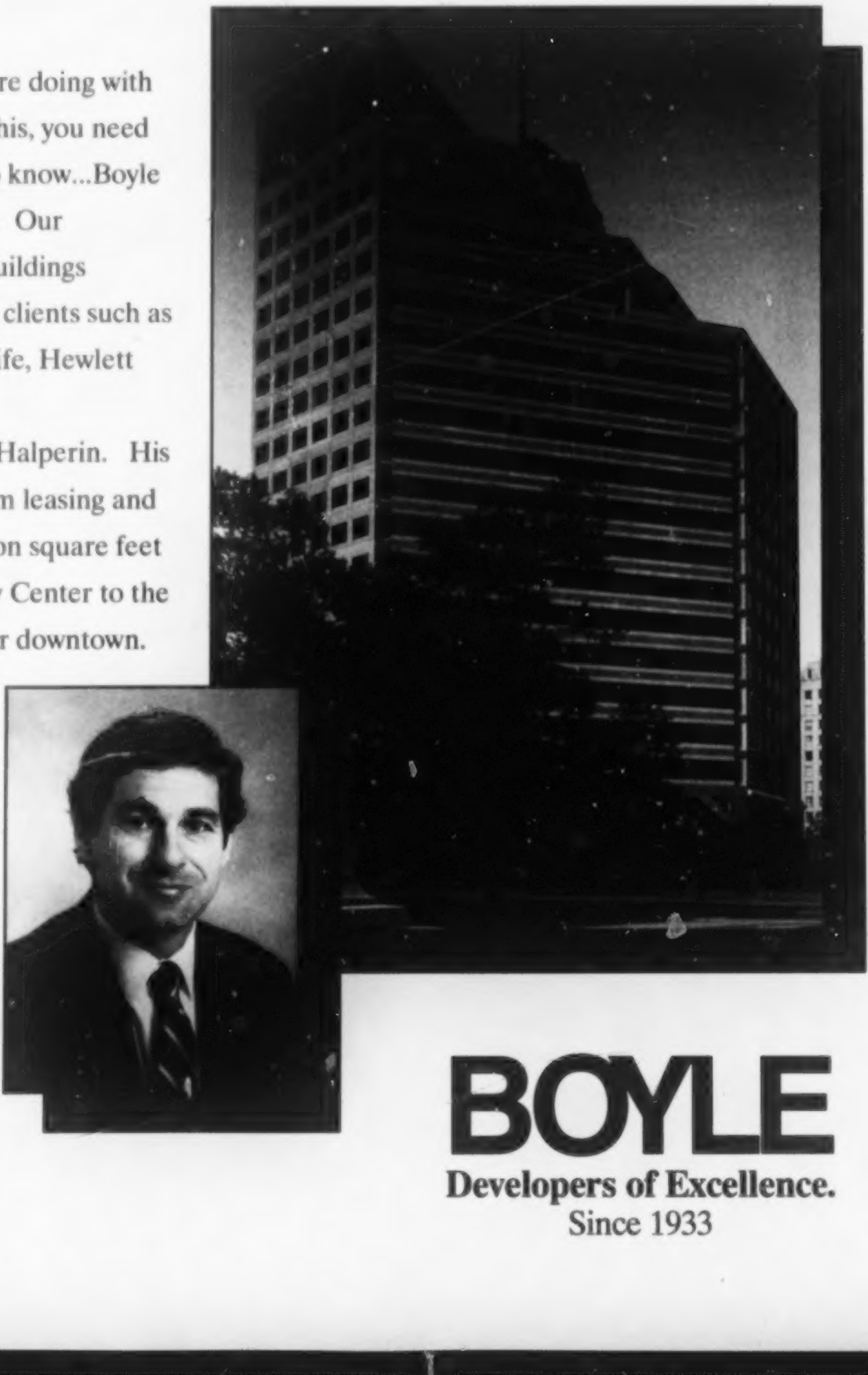
Just ask for Mark Halperin. His experience ranges from leasing and operating over a million square feet at suburban Ridgeway Center to the Morgan Keegan Tower downtown. Call Mark Halperin, SIOR, CPM at (901) 767-0100.



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Miami, Florida: Office

Dade County (Greater Miami)

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	6,700,000	4,400,000	4,700,000	12,100,000
Vacant	1,200,000	1,600,000	1,400,000	1,900,000
Vacancy Rate	17.9%	36.4%	29.8%	15.7%
Vacant Sublease	650,000	n/a	400,000	n/a
Under Construction	1,600,000	1,000,000	0	0
Substantial Rehab	300,000	n/a	n/a	n/a
Net Absorption	100,000	200,000	n/a	100,000

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	28.00	19.00	20.00	13.00
Highest	35.00	32.00	24.00	20.00
Weighted Average	n/a	n/a	n/a	n/a

Utility Rates: CBD $1.50 per sf
Outside CBD $1.50 per sf
Separately Metered

Parking Ratio: CBD - 1 per 800 sf
Outside CBD - 1 per 500 sf

Standard Work Letter: $25.00 per sf, typically based on quantity of materals

Operating Cost Escalation: Base Year

Cumulative Discount Rate: 6-12%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Interior Improvements

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Business Services
- Sales
- Finance/Banking
- Energy

Minor Activity
- Insurance
- Government

Demographics

		Rank
Population:	1,827,876	20
Population Growth Rate:	1.31%	
Unemployment Rate:	6.40%	
Median Household Income:	$27,350	70
Cost of living Index:	110.1	10

Outlook

Absorption	Same
Construction	Same
Vacancies	Same
Rental Rates	Down
Landlord Concessions	Up 10%

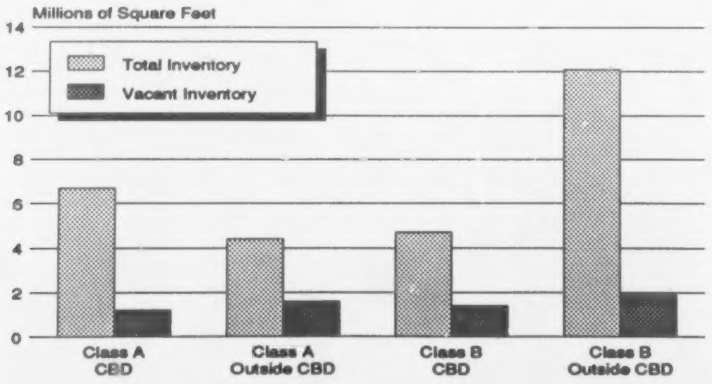
1989 Review

Miami was an office market in flux for most of the late 1980s, and the last year of the decade was consistent with this characterization. The marketwide vacancy rate was nearly 22 percent in 1989, and absorption was only 400,000 sq. ft., or 1.4 percent of this 27.9 million sq. ft. office market. Importantly, more than one million sq. ft. of sublet space shadowed the downtown market, competing with landlords' direct availabilities. Miami has a classic locational disadvantage as a business location for national firms, since it is the southernmost major metropolitan area on the U.S. mainland. Cities like Orlando and Tampa are interceptor locations for firms moving into Florida, offering the same climatic advantages and having shinier images at the present time. Furthermore, other South Florida office markets including Ft. Lauderdale and Boca Raton are luring firms northward from Dade County.

1990 Forecast

Speculative development has dropped off substantially in the Miami metropolitan area. Most tenants have accomplished their trade-up moves as 1990 begins, and this source of leasing activity will be limited this year. Flex space in the suburban submarkets north and west of the downtown area will be in highest demand, according to SIOR's observers in the market. Foreign investment interest, both from Europe and Asia, has been active locally and dealmaking should become more visible during 1990.

Market Inventory
Miami



Milwaukee, Wisconsin: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	7,000,000	5,000,000	9,000,000	3,000,000
Vacant	800,000	600,000	1,300,000	500,000
Vacancy Rate	11.4%	12.0%	14.4%	16.7%
Vacant Sublease	0	0	0	0
Under Construction	300,000	50,000	0	0
Substantial Rehab	650,000	0	600,000	0
Net Absorption	300,000	250,000	100,000	100,000

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	20.00	13.00	13.00	7.00
Highest	28.00	20.00	20.00	13.00
Weighted Average	23.00	17.00	17.00	11.00

Utility Rates: CBD $2.50 per sf
Outside CBD $2.00 per sf
Separately Metered

Parking Ratio: CBD - 1 per 1,500 sf
Outside CBD - 1 per 500 sf

Standard Work Letter: $15.00 per sf

Operating Cost Escalation:
Base Year & Stop - $4.50

Cumulative Discount Rate: 10-15%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements

Leasing Activity Profile

Major Activity
- Insurance

Minor Activity
- Legal/Accounting
- Business Services
- Sales
- Finance/Banking
- Institutional
- Medical

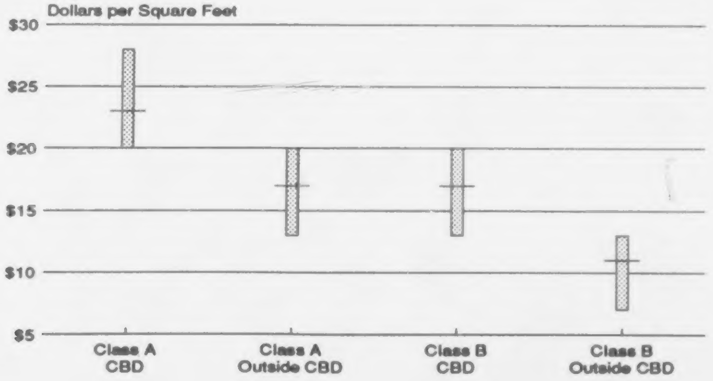
Demographics

		Rank
Population:	1,403,983	25
Population Growth Rate:	0.05%	
Unemployment Rate:	4.00%	
Median Household Income:	$31,997	31
Cost of living Index:	102.0	25

Outlook

Absorption	Same
Construction	Down
Vacancies	Down
Rental Rates	Up
Landlord Concessions	Down

Rental Rates
Milwaukee



1989 Review

The recent strength of Milwaukee's economy can be seen in its recent four percent unemployment rate, well under the national average. SIOR's Milwaukee surveyers report over eight years of improving economic conditions, helped along by the most cooperative relationship between government and the business community seen for a long time. Three-quarters of a million sq. ft. of office space was absorbed in the metropolitan area during 1989, more than twice the amount of space under construction. Vacant inventory in the market was reduced to 13.3 percent, and Class "A" space captured most of the benefits of the improving market. No one sector dominated leasing activity. Rather, the wider diversity of Milwaukee's services base asserted itself in last year's composition of absorption. In an encouraging trend, the average size of leases grew larger once again in 1989.

1990 Forecast

Most market measures are expected to improve in 1990, in the view of SIOR's local experts. The pattern of demand running at a multiple of new constuction should be visible once again, allowing vacancies to fall this year as last. Lease concessions, which were reduced during 1989, are expected to become even tighter. One large downtown building has broken ground, but there is little speculative development in the suburbs. Milwaukee has started to see interest from out-of-state developers as rents have been stepping up, though, and some acceleration in office construction starts may be in the offing for 1991.

Minneapolis/St. Paul, Minnesota: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	11,120,345	18,031,090	6,801,896	n/a
Vacant	1,463,217	6,256,545	1,340,492	n/a
Vacancy Rate	13.2%	34.7%	19.7%	n/a
Vacant Sublease	n/a	n/a	n/a	n/a
Under Construction	2,925,277	420,000	n/a	n/a
Substantial Rehab	n/a	n/a	n/a	n/a
Net Absorption	1,316,250	999,060	-736,061	n/a

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	17.00	12.00	15.00	13.00
Highest	30.00	28.00	18.00	16.50
Weighted Average	25.00	23.00	17.00	14.00

Utility Rates: CBD $2.00 per sf
Outside CBD $2.00 per sf
Not Separately Metered

Parking Ratio: CBD - n/a
Outside CBD - 1 per 1,000 sf

Standard Work Letter: $18.00 per sf, typically based on dollars per square foot

Operating Cost Escalation: Stop - Pass thru on Pro Rata Basis

Cumulative Discount Rate: 24%

Landlord Concessions
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Business Services

Minor Activity
- Insurance
- Sales
- Finance/Banking
- Engineering/Architecture

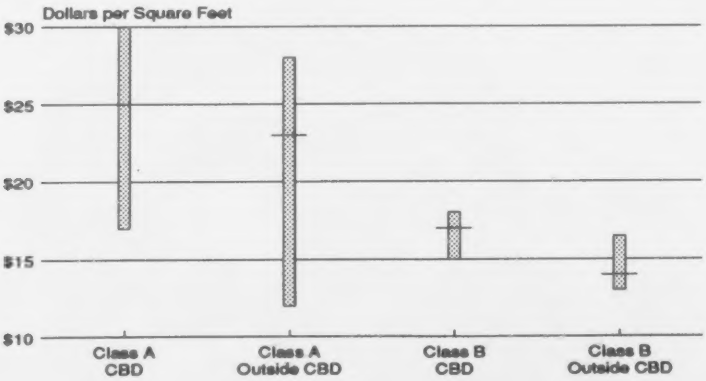
Demographics

		Rank
Population:	2,414,094	13
Population Growth Rate:	1.36%	
Unemployment Rate:	3.80%	
Median Household Income:	$36,862	8
Cost of living Index:	99.8	36

Outlook

Absorption	Up 10%
Construction	Down 20%
Vacancies	Same
Rental Rates	Same
Landlord Concessions	Same

Rental Rates
Minneapolis/St. Paul



1989 Review

Deceleration of demand marked the Twin Cities office market once again during 1989, as it has for three years running. Net absorption totaled 1.6 million sq. ft., but Class "B" buildings actually saw a decline in the amount of space occupied over the course of the year. What is happening to this once vibrant Midwestern economy? For one thing, its high-technology base is under pressure as the growth of the computer industry underperforms expectations. The Twin Cities' large corporations, Pillsbury for one, are trimming staff at headquarters. And one of the largest S&Ls, Midwest Federal, was closed by federal regulators during 1989. Consequently, the office market is mired in an unaccustomed lull. Rents were highly discounted, noticably more than a year ago, and it will be a while before the market trims its 25.2 percent vacancy rate to an acceptable level.

1990 Forecast

No 100 percent speculative office project is now being developed or is even planned for the Minneapolis/St. Paul market. The amount under development is still in excess of the market's needs, but is proceeding on the strength of preleasing to anchor tenants. The backwash in older properties will further weaken the Class "B" category in the early Nineties. The Twin Cities economy is expected to rebound in the next two to three years, and the present slump should be viewed as a cyclical event rather than evidence of long-term weakness.

Mobile, Alabama: Office

Market Data

	Class A		Class B	
Inventory (sf)	CBD	Outside CBD	CBD	Outside CBD
Total	850,000	1,200,000	750,000	1,200,000
Vacant	45,000	200,000	120,000	250,000
Vacancy Rate	5.3%	16.7%	16.0%	20.8%
Vacant Sublease	10,000	75,000	60,000	75,000
Under Construction	30,000	50,000	0	0
Substantial Rehab	0	0	0	0
Net Absorption	n/a	n/a	n/a	n/a

	Class A		Class B	
Rental Rates ($/sf)	CBD	Outside CBD	CBD	Outside CBD
Lowest	10.50	8.50	5.50	4.50
Highest	15.00	13.50	8.50	8.50
Weighted Average	11.50	10.50	7.00	6.50

Utility Rates: CBD $1.50 per sf
Outside CBD $1.50 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 300 sf
Outside CBD - 1 per 300 sf

Standard Work Letter: $25.00 per sf, typically based on dollars per square foot

Operating Cost Escalation:
Base Year

Cumulative Discount Rate: 5-15%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Interior Improvements

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Finance/Banking
- Government

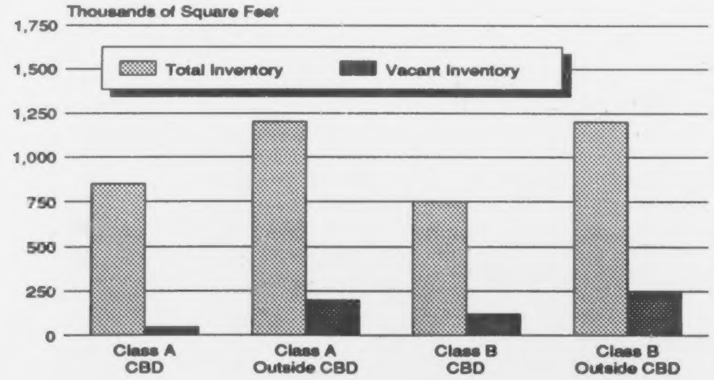
Minor Activity
- Insurance
- Business Services
- Sales
- Engineering/Architecture

Demographics

		Rank
Population:	492,524	72
Population Growth Rate:	1.17%	
Unemployment Rate:	8.30%	
Median Household Income:	$23,202	94
Cost of living Index:	96.7	56

Outlook

Absorption	Same
Construction	Same
Vacancies	Down 5%
Rental Rates	Up 5-10%
Landlord Concessions	Same


Market Inventory
Mobile

1989 Review

Basic production and shipment activities have been the mainstays of this Gulf port, and remained so during 1989. Mobile's office market has therefore been a relatively small and secondary component of its economic base. With four million sq. ft. in total inventory and a 15.4 percent vacancy rate overall, aggregate market conditions were stable but sluggish last year. Downtown space was the most improved sector in 1989, with Class "A" space now 95 percent occupied. Most absorption has been coming from State and Federal Agency expansion. A significant amount of sublease space - 220,000 sq. ft. - hung over the market, exercising a depressing effect on rents and keeping concession packages generous.

1990 Forecast

Very little space is to be developed either downtown or in the suburbs during 1990. Thus, with positive absorption anticipated, the vacancy rates are expected to drop and rents to rise five to 10 percent during the year. A number of positive influences may help Mobile's office market more than many observers anticipate. Activity in the energy industry will be resuming with Mobile Bay being a key natural gas location, and the cargo volumes along the Tennessee-Tombigbee waterway should have a multiplier effect locally. Additionally, more sophisticated businesses like QMS Laser Printers and Sears Roebuck's telemarketing operation are expanding the economic base and linking it to broader U.S. trends.

Nashua, New Hampshire: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	193,000	943,650	110,835	409,045
Vacant	34,312	227,462	17,933	65,007
Vacancy Rate	17.8%	24.1%	16.2%	15.9%
Vacant Sublease	0	11,500	0	0
Under Construction	0	0	0	0
Substantial Rehab	0	0	0	0
Net Absorption	50,588	72,268	12,902	9,590

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	16.00	13.00	8.00	10.00
Highest	20.00	20.00	12.00	12.00
Weighted Average	16.65	15.25	10.25	10.75

Utility Rates: CBD $1.50 per sf
Outside CBD $1.50 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 500 sf
Outside CBD - 1 per 250 sf

Standard Work Letter: $25.00 per sf, typically based on dollars per square foot

Operating Cost Escalation: Base Year

Cumulative Discount Rate: 8-10%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Interior Improvements

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Business Services
- Medical

Minor Activity
- Insurance
- Sales
- Finance/Banking

Demographics

		Rank
Population:	181,876	96
Population Growth Rate:	2.75%	
Unemployment Rate:	4.90%	
Median Household Income:	$46,603	2
Cost of living Index:	n/a	n/a

Outlook

Absorption	Same
Construction	Same
Vacancies	Down 10%
Rental Rates	Same
Landlord Concessions	Up 5%

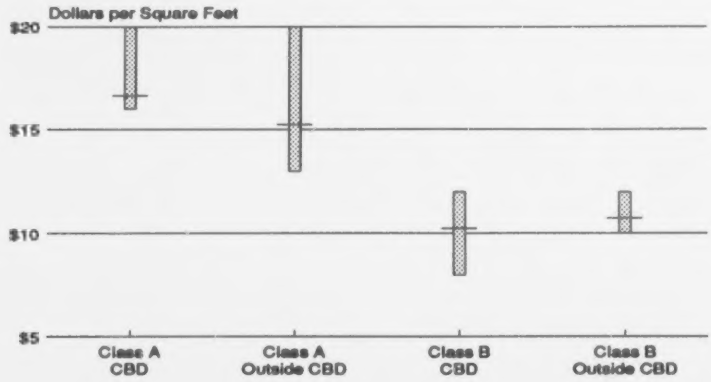
1989 Review

The office market in Nashua is local in scope, and is driven more by trends in the immediate area than regional and national forces. Its performance during 1989 was better than commonly assumed. Demand has been consistent each year since 1986 with very few peaks and valleys. Some increase in leasing activity, in fact, was noted during the last quarter of 1989. The area has unquestionably felt the effects of the downturn gripping New England, but in Nashua this has not resulted in an exodus of tenants but a deferral of expansion plans. In the office market this has brought about greater pressure in the Class "B" inventory, as tenants took the opportunity to trade up into better facilities. Net absorption in 1989 was 145,000 sq. ft., 8.8 percent of the total market inventory.

1990 Forecast

Nashua's 20.8 percent vacancy rate, an overhang from the last construction surge, is halting speculative construction activity for the near-term future at least. There are a number of projects planned for 1990, typically in the 80,000 - 100,000 sq. ft. size range, but a 60 to 70 percent preleasing hurdle will need to be reached before they can go into the ground. The continuing tax advantages of New Hampshire over Massachussetts will tempt firms even more strongly in tougher economic times for the region. The outlook for this market is favorable.

Rental Rates
Nashua



Nashville, Tennessee: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	2,815,330	5,845,137	3,509,356	8,774,866
Vacant	611,372	1,394,381	1,191,543	2,350,184
Vacancy Rate	21.7%	23.9%	34.0%	26.8%
Vacant Sublease	n/a	n/a	n/a	n/a
Under Construction	0	265,000	0	0
Substantial Rehab	0	0	0	0
Net Absorption	100,000	900,000	n/a	n/a

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	21.50	19.00	10.50	8.00
Highest	27.00	23.50	14.50	n/a
Weighted Average	22.50	n/a	12.50	n/a

Utility Rates: CBD $1.50 per sf
Outside CBD $1.10 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 500 sf
Outside CBD - 1 per 250 sf

Standard Work Letter: $13.50 per sf, typically based on dollars per square foot

Operating Cost Escalation: Stop - $4.50-4.75

Cumulative Discount Rate: 14-17%

Landlord Concessions
- Parking
- Rental Abatement
- Interior Improvements
- Stepped Rates More Prevalent

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance
- Business Services

Minor Activity
- Sales
- Finance/Banking
- Engineering/Architecture
- Government

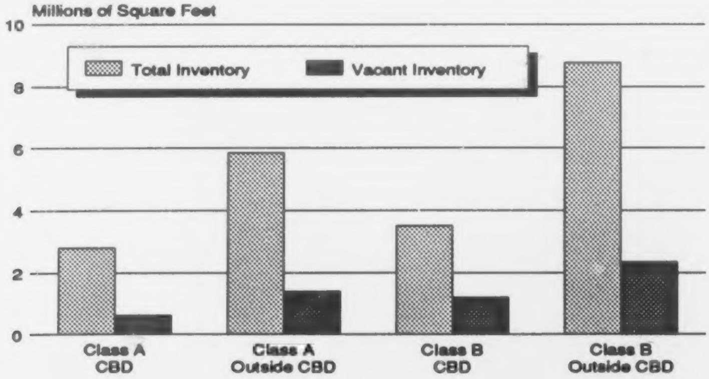
Demographics

		Rank
Population:	988,773	37
Population Growth Rate:	1.69%	
Unemployment Rate:	3.10%	
Median Household Income:	$29,669	50
Cost of living Index:	99.6	38

Outlook

Absorption	Up 15%
Construction	Up 5%
Vacancies	Down
Rental Rates	Same
Landlord Concessions	Same

Market Inventory
Nashville



1989 Review

The mid-Tennessee economy has been in low gear since 1987 and the Nashville office market showed the effects of regional weakness again in 1989. Absorption last year was a slow one million sq. ft., compared with the 21 million sq. ft. in the market and the 5.5 million sq. ft. of existing vacancies. In this context, little new development was underway and price comparison by tenants was the dominant activity in the marketplace. It is not so much that this market has stalled, as that expectations were raised to unsustainable levels by the vigorous growth of the late Seventies and early Eighties and recent activity has been disappointing by comparison. Consequently, new inventory brought on stream in anticipation of booming demand found tenants scarce and achievable rents low in 1989.

1990 Forecast

New players are expected with the long-awaited opening of the Saturn automobile plant and the establishment of a business center for the accounting firm Deloitte Touche Ross. Absorption volume is predicted to rise smartly by SIOR's Tennessee panelists, bringing vacancies down from the 26.5 percent level existing at the start of 1990. For the time being, Nashville does not expect to retrieve its "hot market" label but improvement is expected. During the 1990s the biggest wild card here is the unknown effect of Resolution Trust Corporation activities on the statewide real estate markets.

New Haven, Connecticut: Office

Market Data

	Class A		Class B	
Inventory (sf)	CBD	Outside CBD	CBD	Outside CBD
Total	3,000,000	2,900,000	600,000	2,300,000
Vacant	1,000,000	500,000	250,000	150,000
Vacancy Rate	33.3%	17.2%	41.7%	6.5%
Vacant Sublease	n/a	n/a	n/a	n/a
Under Construction	900,000	300,000	150,000	n/a
Substantial Rehab	n/a	n/a	n/a	n/a
Net Absorption	170,000	100,000	n/a	n/a

	Class A		Class B	
Rental Rates ($/sf)	CBD	Outside CBD	CBD	Outside CBD
Lowest	18.00	17.00	12.00	8.00
Highest	24.00	22.00	18.00	14.00
Weighted Average	n/a	n/a	n/a	n/a

Utility Rates: CBD $225 per sf
Outside CBD $225 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 1,000 sf
Outside CBD - 1 per 250 sf

Standard Work Letter: $17.50 per sf, typically based on dollars per square foot

Operating Cost Escalation: Base Year

Cumulative Discount Rate: 10-15%

Landlord Concessions
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Business Services
- Finance/Banking
- Engineering/Architecture
- Utilities

Minor Activity
- Insurance
- Sales
- Government
- Energy

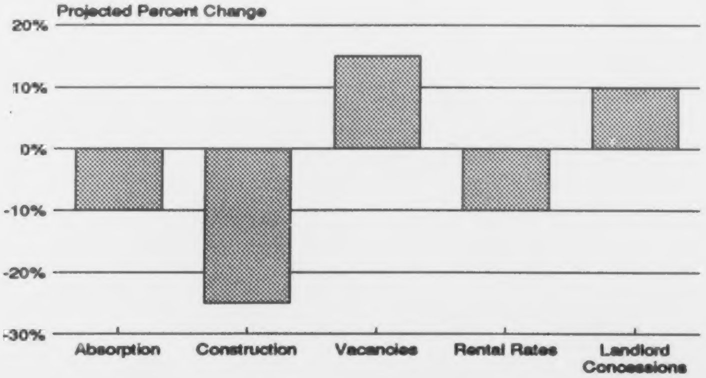
Demographics

		Rank
Population:	525,784	67
Population Growth Rate:	0.55%	
Unemployment Rate:	3.40%	
Median Household Income:	$37,237	7
Cost of living Index:	n/a	n/a

Outlook

Absorption	Down 10%
Construction	Down 25%
Vacancies	Up 15%
Rental Rates	Down 10%
Landlord Concessions	Up 10%

Outlook
New Haven



1989 Review

Teetering on the edge of recession, the New Haven office market found itself in 1989 in the unenviable position of having a significant expansion of its total inventory midway through the construction process. With development underway five times the amount of 1989's net absorption, the deteriorating condition of the market ranks it among the nation's worst. The difficulties were worse in the CBD than in the suburbs. Suburban vacancy was comparatively low at 8.7 percent. Downtown, though, availabilities ran up to nearly 35 percent - and downtown is where the majority of the new development is occurring. Serious trouble was hard to deny as New Haven reached the end of the 80s.

1990 Forecast

Things will get worse before they get better. Absorption will be down 10 percent during 1990, in the eyes of SIOR's New Haven respondent, and vacancies will rise 15 percent. This means downward pressure on rents and even more generous leasing concessions from landlords. Already, bad real estate loans are affecting the conditions of lending institutions. Comparisons with the Texas markets of the mid-80s are already being made, and the resiliency of the economic base will be severely tested in the early 1990s.

New Jersey-Central: Office

Mercer, Middlesex, Monmouth, Morris, Somerset, Union, and West Essex Counties

Market Data

	Class A		Class B	
Inventory (sf)	CBD	Outside CBD	CBD	Outside CBD
Total	-	85,459,500	-	n/a
Vacant	-	13,755,800	-	n/a
Vacancy Rate	-	16.1%	-	n/a
Vacant Sublease	-	1,470,600	-	-
Under Construction	-	4,667,000	-	-
Substantial Rehab	-	n/a	-	-
Net Absorption	-	3,787,000	-	-

	Class A		Class B	
Rental Rates ($/sf)	CBD	Outside CBD	CBD	Outside CBD
Lowest	-	13.00	-	-
Highest	-	28.00	-	-
Weighted Average	-	19.00	-	-

Utility Rates: CBD n/a
Outside CBD n/a
Not Separately Metered

Parking Ratio: CBD - n/a
Outside CBD - 1 per 250 sf

Standard Work Letter: $12.00 per sf, typically based on dollars per square foot

Operating Cost Escalation: Base Year

Cumulative Discount Rate: 10-15%

Landlord Concessions
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements

Leasing Activity Profile

Major Activity
- Business Services

Minor Activity
- Legal/Accounting
- Insurance
- Sales
- Finance/Banking
- Government

Demographics		Rank
Population:	n/a	n/a
Population Growth Rate:	n/a	
Unemployment Rate:	n/a	
Median Household Income:	$0	n/a
Cost of living Index:	n/a	n/a

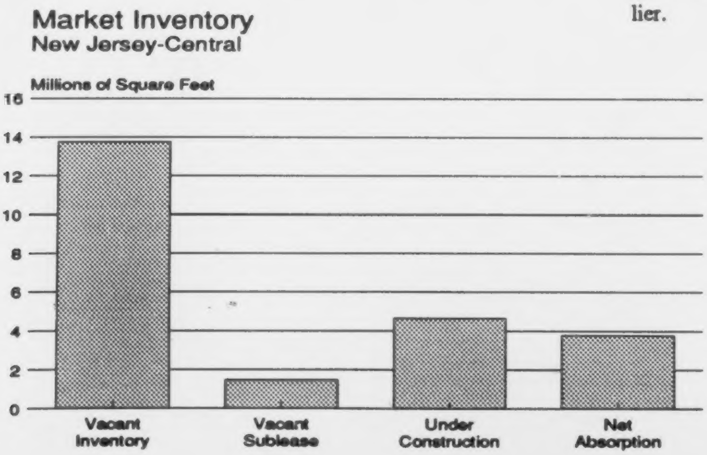
Outlook	
Absorption	Up 5%
Construction	Same
Vacancies	Down 3%
Rental Rates	Up 5%
Landlord Concessions	Same

1989 Review

This is a big office market, equivalent to some of the largest cities in the country with over 85 million sq. ft. of total inventory. Flanked by the New York City and Philadelphia metropolitan areas, it is influenced by events in those major urban markets. In 1989, those influences were not especially positive. The financial services slowdown in New York virtually dried up bank and securities firm interest in relocating operations staffs into central New Jersey. The consolidation of pharmaceuticals firms with Philadelphia and New Jersey facilities has put prior expansion plans into limbo. Demand for office space was therefore limited throughout 1989. Absorption of 3.8 million sq. ft. last year was only 81 percent of the new construction being added in the market and a fraction of the 13.8 million sq. ft. of vacancy in central New Jersey.

1990 Forecast

The outlook appears a bit brighter for 1990. Speculative development is reported to be vastly reduced, and a modest improvement in leasing activity would restore the market's tone quickly. Central New Jersey has a wide competitive advantage in rents when compared with New York and Philadelphia, and a utilities cost differential works in its favor as well. Something of a shakeout among smaller developers caught in a financing squeeze will be seen this year, with news of foreclosures and workouts becoming more common. But for the market generally, the end of 1990 should see stronger conditions than those prevailing a year earlier.



New Jersey-Northern: Office

Market Data

	Class A		Class B	
Inventory (sf)	CBD	Outside CBD	CBD	Outside CBD
Total	121,261,000	-	-	-
Vacant	24,677,000	-	-	-
Vacancy Rate	20.4%	-	-	-
Vacant Sublease	2,129,000	-	-	-
Under Construction	11,950,000	-	-	-
Substantial Rehab	n/a	-	-	-
Net Absorption	5,143,000	-	-	-

	Class A		Class B	
Rental Rates ($/sf)	CBD	Outside CBD	CBD	Outside CBD
Lowest	9.50	-	-	-
Highest	30.00	-	-	-
Weighted Average	21.00	-	-	-

Utility Rates: CBD $2.00 per sf
Outside CBD $1.10 per sf
Not Separately Metered

Parking Ratio: CBD - n/a
Outside CBD - 1 per 250 sf

Standard Work Letter: $19.00 per sf, typically based on dollars per square foot

Operating Cost Escalation:
Base Year

Cumulative Discount Rate: 10-12%

Landlord Concessions
- Rental Abatement
- Interior Improvements

Leasing Activity Profile

Major Activity
- Insurance
- Business Services
- Finance/Banking

Minor Activity
- Legal/Accounting
- Sales
- Engineering/Architecture

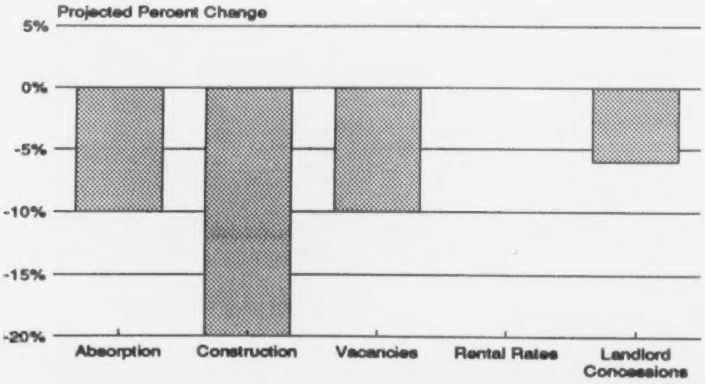
Demographics

		Rank
Population:	1,895,623	n/a
Population Growth Rate:	0.10%	
Unemployment Rate:	n/a	
Median Household Income:	$40,118	n/a
Cost of living Index:	n/a	n/a

Outlook

Absorption	Down 10%
Construction	Down 20%
Vacancies	Down 10%
Rental Rates	Same
Landlord Concessions	Down 6%

Outlook
New Jersey-Northern



1989 Review

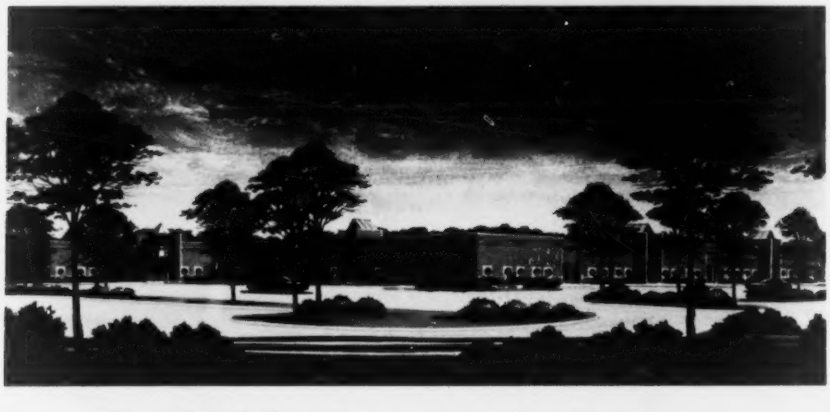
In just twenty-five years, the northern New Jersey office market has built more office space than the Wall Street district of Manhattan developed in the past century. The price of this explosive market growth has been a chronically high vacancy rate in all phases of the business cycle. In 1989, the story was as usual. A healthy level of net absorption - 5.1 million sq. ft. of additional occupied space when compared with a year ago - was overwhelmed by nearly 12 million sq. ft. of new projects coming on stream. The result? A vacancy rate still soaring above 20 percent, representing almost 25 million sq. ft. of empty inventory. Demand is generated by the expansion of firms already in this market, but relocations from New York City are important and formed a key portion of leasing gains in 1989.

1990 Forecast

The most important element in the outlook of SIOR's local reporter is the forecast of a 20 percent decline in new construction. This will give the market a chance to regroup and to benefit from the continuing strength of services sector demand. Corporate tenants remain in the driver's seat, even with mergers and acquisitions affecting big firms, and anchor tenants are in a position to command a piece of the developer's equity in exchange for a long-term commitment. Foreign investors are very active here, and their optimism may be a harbinger of brighter times in the near future.

TP
N TURNPIKE J
EXIT 10
287
RARITAN CENTER
1
9
95
RARITAN CENTER
NEXT LEFT

RIGHT PLACE
RIGHT SPACE



Parkside Corporate Center

New Jersey is the hub of the northeast, linked to its neighbors and the whole world by unmatched networks of roads, rails and air and sea lanes. At the heart of this swirl of commerce is Raritan Center, a 2,300-acre business park with unparalleled access to the region's transportation systems. Within a 250-mile radius — overnight delivery range — are more than 60 million consumers, one of every four Americans. New Jersey has one of the most skilled workforces in the nation, and more scientists and engineers per capita than any other state. It ranks third in the number of patents issued.

More than 300 companies already have distribution, research and development, data processing and office facilities at Raritan Center. Now room is ready for more. Room in Parkside Corporate Center, 325,000 square feet of flexible space in a dramatic business campus. Parkside occupies 22 lushly landscaped Raritan Center acres. Right next door are 161 acres of parkland, with jogging trails, tennis courts, softball fields and a fitness course.

What more could you ask from the standpoints of location and the quality of business life? Parkside's first tenants are moving in. Come see for yourself why we at Federal Business Centers — one of the prime developers of Raritan Center — say Parkside is the Right Space at the Right Place!

FEDERAL BUSINESS CENTERS

1-800-3-FEDERAL • 300 Raritan Center Parkway, Edison, New Jersey 08818 • (201) 225-2200

New Jersey-Southern: Office

Camden, Gloucester, and Burlington Counties

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	-	20,000,000	-	13,000,000
Vacant	-	3,000,000	-	3,000,000
Vacancy Rate	-	15.0%	-	23.1%
Vacant Sublease	-	n/a	-	n/a
Under Construction	-	250,000	-	n/a
Substantial Rehab	-	n/a	-	n/a
Net Absorption	-	n/a	-	n/a

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	-	17.00	-	13.00
Highest	-	21.00	-	14.00
Weighted Average	-	n/a	-	n/a

Utility Rates: CBD n/a
Outside CBD $1.50 per sf
Not Separately Metered

Parking Ratio: CBD - n/a
Outside CBD - 1 per 250 sf

Standard Work Letter: $20.00 per sf

Operating Cost Escalation:
Stop - $3.25-7.00 psf

Cumulative Discount Rate: 10-15%
Landlord Concessions

Leasing Activity Profile

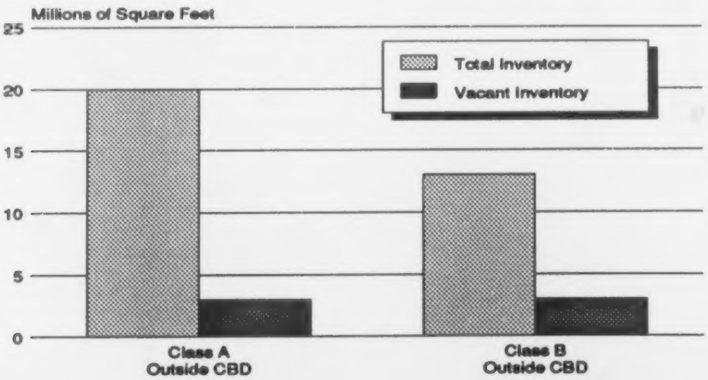
Demographics

		Rank
Population:	n/a	n/a
Population Growth Rate:	n/a	
Unemployment Rate:	n/a	
Median Household Income:	n/a	n/a
Cost of living Index:	n/a	n/a

Outlook

Absorption	Same
Construction	Same
Vacancies	Same
Rental Rates	Down 10%
Landlord Concessions	Same

Market Inventory
New Jersey-Southern



1989 Review

This is the smallest of the state's three geographical divisions, at least in terms of its office market inventory measuring a modest 33 million sq. ft.. In effect, southern New Jersey functions as part of the surburban ring surrounding Philadelphia. This office aggregation did not boom to the extent that New York and the adjacent New Jersey market did in the 80s. Correspondingly, it has not been so vulnerable to the slowdown of the northeast regional economy. Marketwide, the vacancy rate in 1989 was 18.2 percent. Office space demand last year was labeled "slow" by SIOR's southern New Jersey researcher, many of the transactions being local and smaller than in previous years. The rental rates reported for 1989 were lower than in last year's *Guide*, and the discount factor for leasing concessions was higher. Clearly, this became a more competitive market as the 80s ended.

1990 Forecast

For the near-term, southern New Jersey will depend upon signs of strength coming first from the larger cities which influence its market area. This is likely to come from the Philadelphia market more than from the New York area to the north or from Wilmington, Delaware to the south. Financing will be tight, and new development slow in 1990. In a specialty market, office condominiums, activity should remain strong with demand for medical and professional users in the $115 - $125 per sq. ft. price range.

New Orleans, Louisiana: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	8,874,977	2,176,345	5,921,362	4,691,515
Vacant	1,630,743	505,158	2,039,421	1,166,624
Vacancy Rate	18.4%	23.2%	34.4%	24.9%
Vacant Sublease	n/a	n/a	n/a	n/a
Under Construction	n/a	n/a	n/a	n/a
Substantial Rehab	n/a	n/a	n/a	n/a
Net Absorption	102,871	2,633	-111,489	17,706

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	14.00	15.00	8.00	10.00
Highest	19.00	20.00	10.00	12.00
Weighted Average	16.50	17.50	9.00	11.00

Utility Rates: CBD $5.80 per sf
Outside CBD $5.50 per sf
Separately Metered

Parking Ratio: CBD - 1 per 1,250 sf
Outside CBD - 1 per 500 sf

Standard Work Letter: n/a, typically based on dollars per square foot

Operating Cost Escalation: Base Year

Cumulative Discount Rate: 16-20%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements
- Club Memberships

Leasing Activity Profile

Minor Activity
- Legal/Accounting
- Insurance
- Business Services
- Sales
- Finance/Banking
- Engineering/Architecture
- Government
- Energy

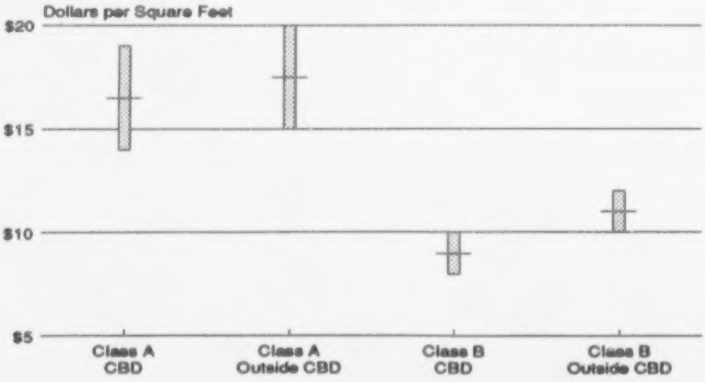
Demographics

Demographics		Rank
Population:	1,303,061	30
Population Growth Rate:	0.41%	
Unemployment Rate:	7.30%	
Median Household Income:	$24,707	84
Cost of living Index:	97.8	46

Outlook

Outlook	
Absorption	Down
Construction	Same
Vacancies	Up
Rental Rates	Down
Landlord Concessions	Same

Rental Rates
New Orleans



1989 Review

These are still hard times for the Big Easy. The local 7.3 percent unemployment rate last year is emblematic of the difficult economy this city has endured. A brightening picture in the energy industry holds some hope for New Orleans, but the condition of the office market in 1989 was as gloomy as an afternoon rain blowing in from the Gulf. Net absorption was a negligible 11,000 sq. ft. as moveup activity to Class "A" space in the CBD simply exacerbated the glut of Class "B" office space downtown. As a result, rents in older buildings downtown dropped about $2 per sq. ft. and their vacancies were a grim 34.4 percent. Rents were low marketwide, and leasing concessions provided tenants with discounts of 16 to 20 percent of the contractual rent.

1990 Forecast

No new construction is planned for 1990, although the market will see one building open in the Superdome neighborhood. The prospects for the coming year are not good, in the view of SIOR's local survey respondent. Less absorption, more vacancies and lower rents are the salient features of the near-term forecast. During the first half of the 1990s, the rebound of the energy industry and the trade activity through the port will help the office market here. But it will be a long time before real enthusiasm for the New Orleans office market is felt.

New York City, New York: Office

Manhattan

Market Data

	Class A		Class B	
Inventory (sf)	CBD	Outside CBD	CBD	Outside CBD
Total	243,260,000	-	95,440,000	-
Vacant	32,130,000	-	16,240,000	-
Vacancy Rate	13.2%	-	17.0%	-
Vacant Sublease	8,960,000	-	3,370,000	-
Under Construction	7,200,000	-	n/a	-
Substantial Rehab	n/a	-	n/a	-
Net Absorption	6,200,000	-	-1,560,000	-

	Class A		Class B	
Rental Rates ($/sf)	CBD	Outside CBD	CBD	Outside CBD
Lowest	25.00	-	15.00	-
Highest	75.00	-	35.00	-
Weighted Average	40.70	-	23.43	-

Utility Rates: CBD $2.50 per sf
Outside CBD n/a
Not Separately Metered

Parking Ratio: CBD - n/a
Outside CBD - n/a

Standard Work Letter: $25.00 per sf, typically based on dollars per square foot

Operating Cost Escalation:
Base Year

Cumulative Discount Rate: 10-15%

Landlord Concessions
- Rental Abatement
- Moving Allowance
- Interior Improvements

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Finance/Banking
- Government
- Printing/Publishing

Minor Activity
- Insurance
- Business Services
- Engineering/Architecture

Demographics

		Rank
Population:	8,617,968	2
Population Growth Rate:	0.45%	
Unemployment Rate:	6.20%	
Median Household Income:	$27,043	74
Cost of living Index:	n/a	n/a

Outlook

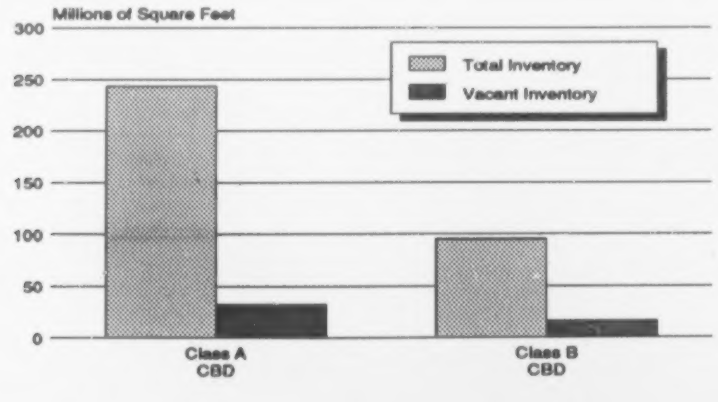
Absorption	Same
Construction	Up 48%
Vacancies	Up 4%
Rental Rates	Same
Landlord Concessions	Up 2-5%

1989 Review

Manhattan contains, far and away, the largest office market in the nation. Its inventory, Class "A" and Class "B," was 338 million sq. ft.. This market set the pace for the nation during much of the 80s, but it did no better than run in place during 1989. Net absorption for the year was only 5.1 million sq. ft., or 1.5 percent of the inventory. Class "A" absorption of 6.7 million sq. ft. was eroded by rising vacancies in the Class "B" sector. During 1989 the market continually had to cope with large blocks placed on the market by firms merging, consolidating functions or relocating. Still, a high level of leasing was registered - over 20 million sq. ft. of deals were signed with the largest being a law firm lease for 450,000 sq. ft. Throughout the year, though, the psychology of the market became progressively more pessimistic and a booming decade ended with a resounding thud.

1990 Forecast

Retrenchment in the financial sector, one of the key industries for New York, will continue in 1990 and act as a drag on the office market's performance. While the Manhattan economy is highly diversified and less dependent upon Wall Street than commonly supposed, growth in other office using sectors will do no more than offset the contraction of the investment banks in 1990. A weakened fiscal position is pushing city government to look for more property tax revenue. A Manhattan comeback is highly probable, but it will need two to three years to materialize.


Market Inventory
New York City

New York City-Brooklyn/Queens, New York: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	18,000,000	-	-	-
Vacant	2,200,000	-	-	-
Vacancy Rate	12.2%	-	-	-
Vacant Sublease	250,000	-	-	-
Under Construction	2,000,000	-	-	-
Substantial Rehab	1,000,000	-	-	-
Net Absorption	1,000,000	-	-	-

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	20.00	15.00	18.00	10.00
Highest	32.00	26.00	26.00	22.00
Weighted Average	25.00	19.00	21.00	14.00

Utility Rates: CBD $2.50 per sf
Outside CBD $2.50 per sf
Separately Metered

Parking Ratio: CBD - 1 per 1,000 sf
Outside CBD - 1 per 333 sf

Standard Work Letter: $22.50 per sf, typically based on dollars per square foot

Operating Cost Escalation: Base Year

Cumulative Discount Rate: 20%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Interior Improvements
- Signing Bonuses

Leasing Activity Profile

Major Activity
- Sales
- Finance/Banking
- Engineering/Architecture
- Government

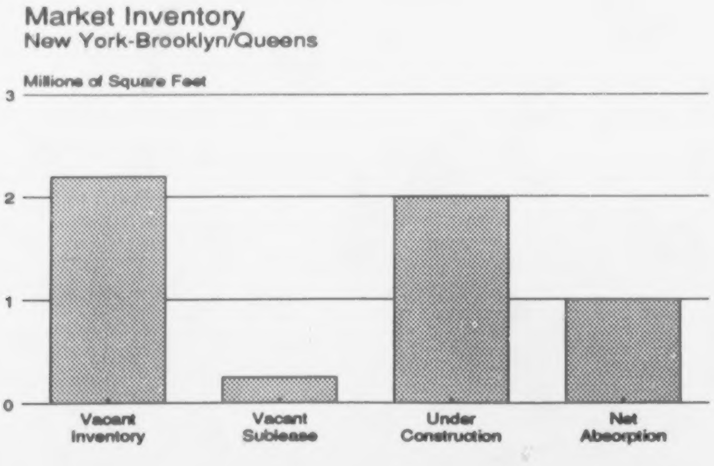
Minor Activity
- Legal/Accounting
- Insurance
- Business Services

Demographics

		Rank
Population:	8,617,968	2
Population Growth Rate:	0.45%	
Unemployment Rate:	6.20%	
Median Household Income:	$27,043	74
Cost of living Index:	n/a	n/a

Outlook

Absorption	Same
Construction	Same
Vacancies	Up 10-15%
Rental Rates	Same
Landlord Concessions	Same


Market Inventory
New York-Brooklyn/Queens

1989 Review

Long an office development backwater, and considered to have permanent deficiencies compared with Manhattan and the suburbs surrounding New York City, the two "outer boroughs" of Brooklyn and Queens came into their own in the late 80s and provided some of the City's best office market news during 1989. Citicorp opened a one million sq. ft. tower in the Queens submarket called Long Island City. Brooklyn's multiple building Metrotech project is proceding on schedule, with office buildings for Chase Manhattan Bank and Brooklyn Union Gas Co. commencing development during the year. The large local labor pool already employed by Manhattan firms, plus a generous tax and utility cost abatement package are among the reasons for the Brooklyn/Queens revival.

1990 Forecast

The contraction of the Manhattan financial services economy will negatively affect Brooklyn and Queens this year. A number of announced projects will go nowhere until anchor tenants are signed 25 to 50 percent of their space, and in the meanwhile bank lenders can turn skittish and back out of the deals. Other services industries, such as law, computers and advertising, are holding their own citywide, but cannot substitute for the major tenants needed to sustain development in marginal markets. Brooklyn and Queens will be moving cautiously in 1990, and risk management will be their watchwords.

New York-Nassau/Suffolk Counties, New York: Office

Market Data

	Class A		Class B	
Inventory (sf)	CBD	Outside CBD	CBD	Outside CBD
Total	-	21,449,603	-	8,124,418
Vacant	-	7,821,277	-	1,133,052
Vacancy Rate	-	36.5%	-	13.9%
Vacant Sublease	-	435,175	-	189,380
Under Construction	-	2,072,711	-	276,000
Substantial Rehab	-	n/a	-	n/a
Net Absorption	-	n/a	-	n/a

	Class A		Class B	
Rental Rates ($/sf)	CBD	Outside CBD	CBD	Outside CBD
Lowest	-	12.00	-	9.75
Highest	-	34.00	-	28.00
Weighted Average	-	24.55	-	21.31

Utility Rates: CBD n/a
Outside CBD $2.00 per sf
Not Separately Metered

Parking Ratio: CBD - n/a
Outside CBD - 1 per 250 sf

Standard Work Letter: $17.50 per sf, typically based on dollars per square foot

Operating Cost Escalation:
Base Year

Cumulative Discount Rate: 10%

Landlord Concessions
- Rental Abatement
- Interior Improvements

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance
- Business Services
- Finance/Banking

Minor Activity
- Sales
- Engineering/Architecture
- Government
- Energy

Demographics

		Rank
Population:	2,643,585	11
Population Growth Rate:	0.16%	
Unemployment Rate:	n/a	
Median Household Income:	$49,412	2
Cost of living Index:	157.2	1

Outlook

Absorption	Same
Construction	Same
Vacancies	Same
Rental Rates	Same
Landlord Concessions	Up

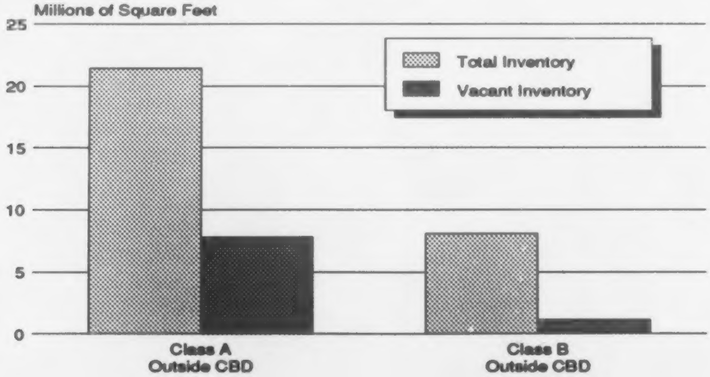
1989 Review

The Long Island suburban markets to the east of New York City were hit with a triple whammy in 1989. The locally important defense and technology sectors pulled back in the face of reduced government funding. The Manhattan economy contracted, withdrawing any beneficial spillover effects from the Nassau/Suffolk market. Environmental and traffic problems forced developers into an involuntary holding pattern. With vacancies in this 30 million sq. ft. market pushing 30 percent, the market ended the Eighties with some serious challenges. The established business centers in Nassau County were relatively strong, and the comparatively low vacancy rates - yet strong rents - noted for the Class "B" inventory reflect this. It is the new speculative construction along the Route 110 corridor and further east into Suffolk County that bore the major risk of the softening market in 1989.

1990 Forecast

The caution flag is up for the coming year. Relocations into the market will be few, and the expansion of local tenants will be slow. During the 90s, Long Island promises to be a solid if low growth market. For the next year or so, though, Nassau/Suffolk offices will be coping with the unpleasant aftereffect of the end of the boom decade of the 80s.

Market Inventory
New York-Nassau/Suffolk Counties



New York-White Plains and Westchester County, New York: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	2,180,000	6,800,000	3,800,000	12,000,000
Vacant	381,000	2,173,000	730,000	2,270,000
Vacancy Rate	17.5%	32.0%	19.2%	18.9%
Vacant Sublease	12,000	148,000	44,000	455,000
Under Construction	140,000	240,000	0	50,000
Substantial Rehab	0	0	0	0
Net Absorption	n/a	n/a	n/a	n/a

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	25.00	23.00	15.00	18.00
Highest	30.00	25.00	20.00	22.00
Weighted Average	26.50	23.75	18.00	19.50

Utility Rates: CBD $2.25 per sf
Outside CBD $2.00 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 500 sf
Outside CBD - 1 per 285 sf

Standard Work Letter: $18.00 per sf, typically based on dollars per square foot

Operating Cost Escalation: Base Year

Cumulative Discount Rate: 15%

Landlord Concessions
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements

Leasing Activity Profile

Major Activity
- Insurance
- Business Services

Minor Activity
- Legal/Accounting
- Sales
- Finance/Banking
- Engineering/Architecture
- Government

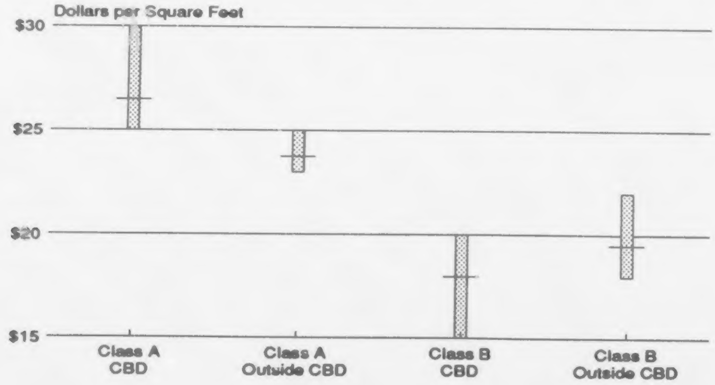
Demographics

		Rank
Population:	8,617,968	2
Population Growth Rate:	0.45%	
Unemployment Rate:	6.20%	
Median Household Income:	$27,043	74
Cost of living Index:	n/a	n/a

Outlook

Absorption	Same
Construction	Down
Vacancies	Down
Rental Rates	Same
Landlord Concessions	Same

Rental Rates
New York-Rockland/Westchester Counties



1989 Review

The linkages of the metropolitan area office markets were boldly apparent during the past year. This northern suburban market anchored by the city of White Plains, saw the usual strong demand from small users from within the area, but exceptionally weak demand from large users out of New York City. White Plains and Westchester County posted a 22.4 percent vacancy rate in 1989, well above the national average. Large corporate users already in this market area were on the move northward. IBM relocated major operations to Somers, NY and NYNEX moved staff to Mount Pleasant. These moves threw space in existing facilities back on the market, and backfilling activity was not able to keep up an adequate rate of absorption. This suburban submarket therefore ended the year weaker than it began 1989.

1990 Forecast

Premised on another weak year for Manhattan, White Plains and its suburbs will be marking time in 1990. With the exception of two extremely well-located projects, all new construction is on hold for the coming year. Relocations from Class "B" to Class "A" properties will be a major story for the year. The inventory listed in this year's *Guide* is one indication of change: it is substantially higher than a year ago because it includes former corporate-owned buildings now available to the competitive space market.

Norfolk, Virginia: Office

Norfolk, Chesapeake, and Virginia Beach

Market Data

Inventory (sf)	Class A* CBD	Class A* Outside CBD	Class B CBD	Class B Outside CBD
Total	3,261,202	3,200,000	-	-
Vacant	650,000	800,000	-	-
Vacancy Rate	19.9%	25.0%	-	-
Vacant Sublease	n/a	n/a	-	-
Under Construction	220,000	130,000	-	-
Substantial Rehab	0	0	-	-
Net Absorption	100,000	450,000	-	-

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	14.00	10.00	10.00	8.00
Highest	18.00	15.00	12.00	12.00
Weighted Average	17.50	13.50	10.50	10.00

Utility Rates: CBD $4.50 per sf
Outside CBD $3.00 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 500 sf
Outside CBD - 1 per 350 sf

Standard Work Letter: $15.00 per sf, typically based on dollars per square foot

Operating Cost Escalation:
Base Year

Cumulative Discount Rate: 25-30%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Business Services
- Finance/Banking

Minor Activity
- Insurance
- Sales
- Engineering/Architecture

Demographics

		Rank
Population:	1,403,426	26
Population Growth Rate:	2.14%	
Unemployment Rate:	4.60%	
Median Household Income:	$31,506	35
Cost of living Index:	101.1	32

Outlook

Absorption	Same
Construction	Down 40%
Vacancies	Same
Rental Rates	Down 10-15%
Landlord Concessions	Up 10-15%

1989 Review

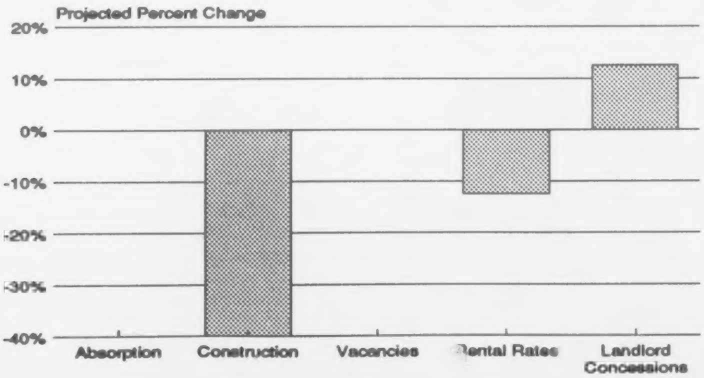
1989 was a year which saw bad news predominating, but signs of some stabilization emerging in the final quarter. The bad news was a familiar story: too much inventory; not enough demand. Tenants were well aware of the softness in the market, and the discounts extracted in lease concessions rose as high as 30 percent. SIOR's local reporter termed conditions "not healthy." Overall, the market's vacancy rate stood at 22.4 percent, with the downtown district outperforming the suburbs. Most of the net absorption was registered outside the CBD. Absorption was 57 percent greater than new construction, and so some hope could be discerned in the statistics. As the year was winding down, several major leases were in the news. Tenants sought to take advantage of 1989's conditions in the expectation that the office glut would be easing sooner rather than later.

1990 Forecast

The market is beginning to mature and diversify. Next year looks to be a particularly weak year, but some brightening is on the horizon. Defense cutbacks are going to stall the Norfolk business economy in 1990, as the military crunch touches most service providers. However, new tenants in the market such as USAA and Canon Copiers are helping to broaden the economic base. TWA has selected the area for a large reservations center, too. Norfolk is a growth market for the 90s, likely to reward those with staying power in its office market.

* Combined A & B figures

Outlook
Norfolk



Oakland, California: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	6,113,746	1,402,207	3,083,953	2,357,650
Vacant	437,488	335,649	422,921	395,904
Vacancy Rate	7.2%	23.9%	13.7%	16.8%
Vacant Sublease	n/a	n/a	n/a	n/a
Under Construction	882,473	0	823,800*	0
Substantial Rehab	0	0	0	0
Net Absorption	n/a	n/a	n/a	n/a

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	19.00	12.00	12.00	9.00
Highest	26.00	18.00	18.00	15.00
Weighted Average	n/a	n/a	n/a	n/a

Utility Rates: CBD $2.00 per sf
Outside CBD $2.00 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 1,000 sf
Outside CBD - 1 per 300 sf

Standard Work Letter: $35.00 per sf, typically based on dollars per square foot

Operating Cost Escalation: Base Year

Cumulative Discount Rate: 20%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements

Leasing Activity Profile

Major Activity
- Engineering/Architecture
- Government

Minor Activity
- Legal/Accounting
- Insurance
- Business Services
- Sales
- Finance/Banking

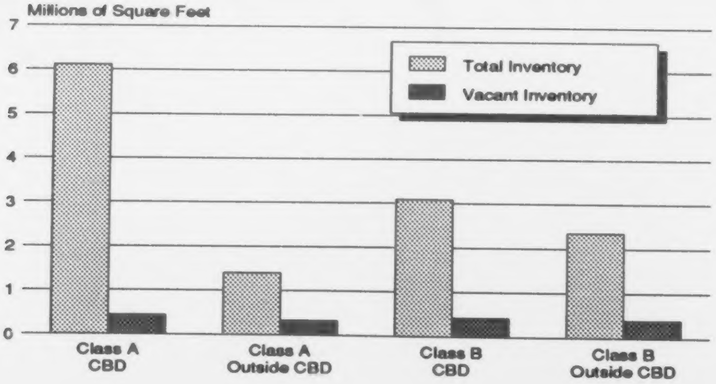
Demographics

		Rank
Population:	n/a	n/a
Population Growth Rate:	n/a	
Unemployment Rate:	4.20%	
Median Household Income:	n/a	n/a
Cost of living Index:	141.8	2

Outlook

Absorption	Down
Construction	Up
Vacancies	Down
Rental Rates	Same
Landlord Concessions	Same

Market Inventory
Oakland



1989 Review

The biggest headline of 1989, of course, was the destructive earthquake of last October whose after-effects are still being felt. The collapse of I-680, the Nimitz Freeway, was one of the most vivid images of the power of the quake. While the San Francisco-Oakland Bay Bridge was returned to service in a matter of weeks, the Nimitz will be out of commission for another year at least. Office construction in Oakland became focused on rebuilding, following the earthquake. The Oakland office market ended the year with a 12.2 percent vacancy rate, significantly below the national average. Rents were over $20 per sq. ft. on average for Class "A" space in the CBD. Leasing concessions eroded the net cash flow to the landlord by 20 percent from the nominal rent, however. A much higher than normal $35 per sq. ft. workletter was also a feature of the Oakland market at the close of 1989.

1990 Forecast

This recovery year is something of a wild card for Oakland. No one can confidently predict how locational decisions will be affected in the year following the quake. It appears that relocations from San Francisco, long an important component of demand in Oakland, will be fewer over the next year or two. Oakland, with more land and a slacker economy, is less vulnerable than communities on the peninsula across the bay to slow growth/no growth activism. Tentatively, the outlook from SIOR's East Bay reporter sees more to hope for than to fear in 1990.

*Represents 10 earthquake damaged and closed buildings.

Oklahoma City, Oklahoma: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	3,393,000	4,870,000	2,457,000	3,870,000
Vacant	1,150,000	801,000	1,130,000	848,300
Vacancy Rate	33.9%	16.4%	46.0%	21.9%
Vacant Sublease	40,000	30,000	75,000	65,000
Under Construction	0	240,000	0	0
Substantial Rehab	45,000	97,000	0	28,000
Net Absorption	-135,000	209,000	8,000	5,000

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	14.00	10.00	5.00	5.00
Highest	21.00	18.00	8.00	8.00
Weighted Average	16.50	13.00	6.50	6.50

Utility Rates: CBD $1.35 per sf
Outside CBD $1.35 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 2,000 sf
Outside CBD - 1 per 400 sf

Standard Work Letter: $10.00 per sf, typically based on dollars per square foot

Operating Cost Escalation: Base Year

Cumulative Discount Rate: 11%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Government

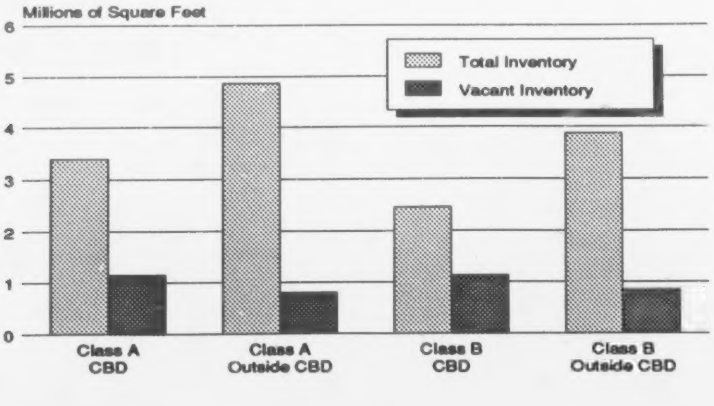
Minor Activity
- Insurance
- Business Services
- Sales
- Finance/Banking
- Engineering/Architecture
- Energy

Demographics

		Rank
Population:	975,883	40
Population Growth Rate:	1.40%	
Unemployment Rate:	4.60%	
Median Household Income:	$27,748	64
Cost of living Index:	94.2	63

Outlook

Absorption	Up 2%
Construction	Same
Vacancies	Down 1.5%
Rental Rates	Same
Landlord Concessions	Same



Market Inventory
Oklahoma City

1989 Review

Net absorption was positive for the second year in a row, and the trend of slow but steady growth that began in 1988 appeared to be taking root. Office vacancy, though very high at 26.9 percent, had improved to the best level in three years as 1989 came to a close. Suburban office parks sharply outperformed the CBD last year, both in their overall occupancy and in their net absorption. In this, the suburbs were able to take advantage of a price differential attractive to large users. The City and State are aggressively marketing Oklahoma City's low real estate costs to companies throughout the U.S. The Resolution Trust Corporation issued an extensive list of Oklahoma assets it has inherited from failed thrifts, and nervousness concerning the disposition of these assets pervaded the market toward the end of the year.

1990 Forecast

Slow improvement is the most probable outlook for 1990. The RTC problems may prove a blessing in disguise, as credit tightness restrains any notions of starting to fill the development pipeline again. On a very modest two percent increase in absorption, vacancies are expected to drop another notch. In the adjustment period which spans this year, tenants will be taking advantage of negotiating leverage to secure leases at favorable rates in the best buildings in the market. The major risks, therefore, are in the secondary properties, especially downtown.

Omaha, Nebraska: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	1,360,600	3,088,300	1,073,700	1,935,000
Vacant	125,700	474,200	189,000	431,500
Vacancy Rate	9.2%	15.4%	17.6%	22.3%
Vacant Sublease	50,000	8,000	15,000	23,000
Under Construction	280,000	70,000	n/a	40,000
Substantial Rehab	74,000	0	0	0
Net Absorption	n/a	n/a	n/a	n/a

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	13.00	13.50	12.00	10.00
Highest	18.00	16.75	13.00	12.50
Weighted Average	15.50	15.00	12.50	11.25

Utility Rates: CBD $1.45 per sf
Outside CBD $1.35 per sf
Not Separately Metered

Parking Ratio: CBD - n/a
Outside CBD - 1 per 240 sf

Standard Work Letter: $13.00 per sf, typically based on dollars per square foot

Operating Cost Escalation:
Base Year & Stop - Outside CBD: $4.25

Cumulative Discount Rate: 8%

Landlord Concessions
- Parking
- Rental Abatement
- Interior Improvements

Leasing Activity Profile

Major Activity
- Insurance
- Business Services
- Sales
- Energy

Minor Activity
- Legal/Accounting
- Finance/Banking
- Engineering/Architecture
- Government

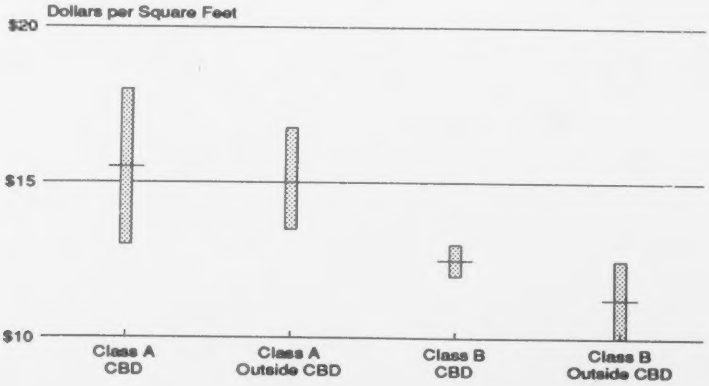
Demographics

		Rank
Population:	629,155	59
Population Growth Rate:	0.81%	
Unemployment Rate:	3.50%	
Median Household Income:	$35,769	10
Cost of living Index:	92.6	68

Outlook

Absorption	Same
Construction	Same
Vacancies	Same
Rental Rates	Same
Landlord Concessions	Same

Rental Rates
Omaha

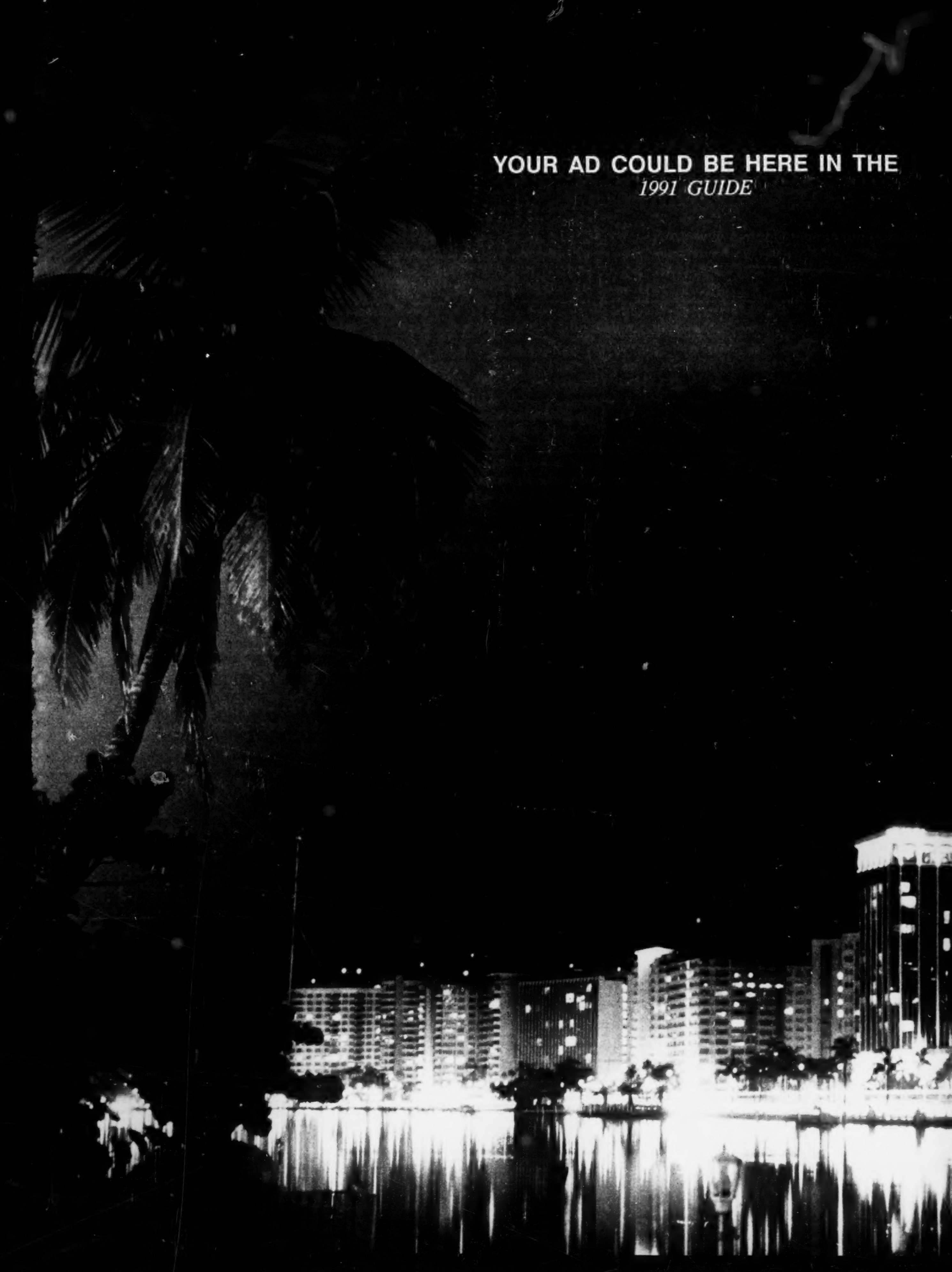


1989 Review

After suffering through a serious drought-induced agricultural recession in 1988, last year brought a promising advance to the Omaha economy. Leasing activity of office space was particularly strong outside the CBD, according to SIOR's local commentator, although occupancy rates downtown show firm conditions in the core area. Relocation activity within the market was heavy during 1989, with tenants moving up to better space while taking advantage of a comparatively thin gap between Class "A" and Class "B" lease rates. Omaha is expanding its traditional agribusiness and insurance specialities to emerge as a major telemarketing center. Omaha's central location in the U.S., its labor force and the lack of a distinct regional accent make it ideal for nationwide telephone sales campaigns. Lease concession packages, while available, are modest and the menu of options to lure tenants has remained limited.

1990 Forecast

The outlook for 1990 is fairly stable. New development activity has slowed, and 1990 will be a tough year for construction activity after several years of brisk development. The trend should be for the market to become progressively tighter as the year winds down, setting the stage for an upward move in rents during the early 90s.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1991 GUIDE

Orlando, Florida: Office

Market Data

Inventory (sf)	Class A* CBD	Class A* Outside CBD	Class B CBD	Class B Outside CBD
Total	6,290,116	17,712,977	-	-
Vacant	1,595,285	3,298,301	-	-
Vacancy Rate	25.4%	18.6%	-	-
Vacant Sublease	n/a	n/a	-	-
Under Construction	270,000	876,378	-	-
Substantial Rehab	n/a	n/a	-	-
Net Absorption	n/a	n/a	n/a	n/a

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	15.00	8.00	-	-
Highest	28.00	20.50	-	-
Weighted Average	n/a	n/a	-	-

Utility Rates: CBD n/a
Outside CBD n/a
Not Separately Metered

Parking Ratio: CBD - 1 per 200 sf
Outside CBD - 1 per 250 sf

Standard Work Letter: n/a, typically based on dollars per square foot

Operating Cost Escalation: Base Year & Stop - $4.50

Cumulative Discount Rate: 10%

Landlord Concessions
- Parking
- Rental Abatement
- Moving Allowance

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance
- Business Services
- Sales
- Finance/Banking

Minor Activity
- Engineering/Architecture
- Government
- Energy

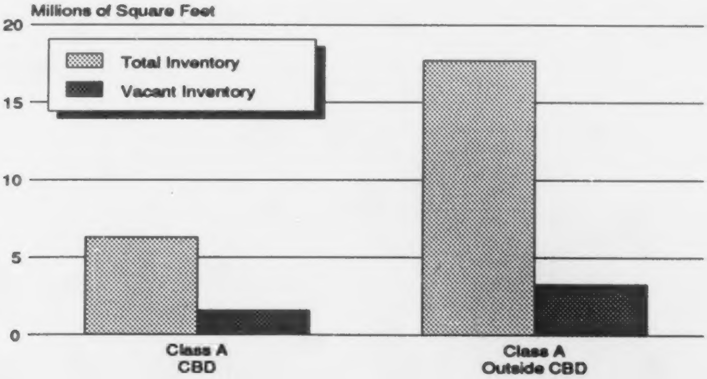
Demographics

		Rank
Population:	994,479	35
Population Growth Rate:	3.98%	
Unemployment Rate:	5.10%	
Median Household Income:	$31,570	34
Cost of living Index:	99.3	40

Outlook

Absorption	Same
Construction	Same
Vacancies	Same
Rental Rates	Same
Landlord Concessions	n/a

Market Inventory
Orlando



1989 Review

Orlando is a population-driven market whose expanding tourism and technology industries have attracted large numbers of new residents who, in turn, generate demand for local services and provide employers with a desirable labor market. The formula continued to be a winner in 1989. The office market is predominantly suburban and low-rise, but Orlando has grown an identifiable downtown with high-rise towers. The technology firms preferred office park locations, especially north of the CBD, while the core area specialized in banking and legal services. Orlando had a comparatively high rate of vacancy in its existing stock - 20.4 percent - indicating that inventory accumulation has gotten ahead of absorption. This market lost some momentum in 1989. Construction levels appeared to be responding to the imbalance, though, and the growth fundamentals of this market remained favorable as the 80s came to their end.

1990 Forecast

SIOR's local reporter sees 1990 as a steady-as-she-goes year for the Orlando office market. The nearly four percent annual increase in population will keep the economic stew bubbling, but there is ample room in the market to keep things from boiling over. This implies a stable environment of rent, ample choices for tenants, and the ability for landlords to plan a lease-up program for their remaining space.

* Combined "A" and "B" figures.

Philadelphia, Pennsylvania: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD*	Class B CBD	Class B Outside CBD
Total	23,542,147	34,287,318	7,482,733	-
Vacant	2,811,988	6,937,133	864,844	-
Vacancy Rate	11.9%	20.2%	11.6%	-
Vacant Sublease	477,179	372,426	128,100	-
Under Construction	3,579,578	3,042,500	n/a	-
Substantial Rehab	965,000	n/a	n/a	-
Net Absorption	1,371,043	1,296,967	-117,841	-

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD*	Class B CBD	Class B Outside CBD
Lowest	16.50	13.00	16.00	-
Highest	28.50	24.00	21.00	-
Weighted Average	23.50	17.00	18.00	-

Utility Rates: CBD $1.75 per sf
Outside CBD $1.50 per sf
Separately Metered

Parking Ratio: CBD - 1 per 10,000 sf
Outside CBD - 1 per 4,000 sf

Standard Work Letter: $30.00 per sf, typically based on dollars per square foot

Operating Cost Escalation:
Stop - Oper Exp: $4.50, RE Tax: $2.50

Cumulative Discount Rate: 15%

Landlord Concessions
- Rental Abatement
- Moving Allowance
- Interior Improvements

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Business Services
- Finance/Banking

Minor Activity
- Insurance
- Sales
- Engineering/Architecture
- Government

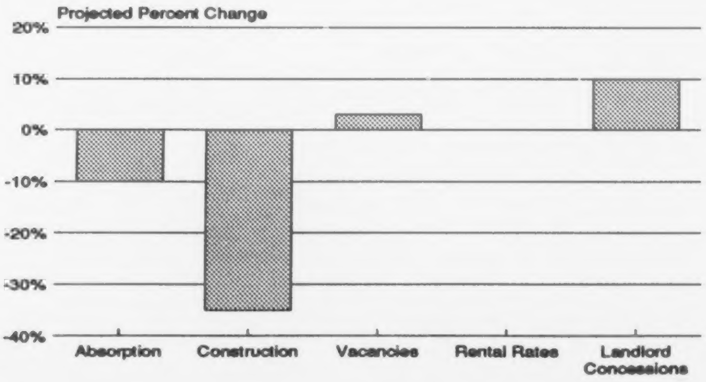
Demographics

		Rank
Population:	4,929,827	5
Population Growth Rate:	0.49%	
Unemployment Rate:	3.80%	
Median Household Income:	$32,161	29
Cost of living Index:	127.2	5

Outlook

Absorption	Down 10%
Construction	Down 35%
Vacancies	Up 3%
Rental Rates	Same
Landlord Concessions	Up 10%

Outlook
Philadelphia



1989 Review

Philadelphia's economy is one of the nation's truly diversified urban markets, with an employment structure that closely matches that of the nation. In favorable contrast with most cities to its north, Philadelphia still enjoyed strong demand during 1989, with its CBD vacancy rate under 12 percent in its 31 million sq. ft. inventory. Unemployment in the area was an impressively low 3.8 percent. Tenants hold the upper hand in lease negotiations presently, as the market is seeking to accomodate 6.6 million sq. ft. of new construction, an expansion of market inventory that is greater than 10 percent. As tenants trade up to more attractive space, subletting is becoming more common and now accounts for nearly one million sq. ft. of availabilities. Rehab projects are dwindling in this environment, with tax incentives reduced and abundant space in new projects at competitive rents.

1990 Forecast

A softer market in the near-term is forecast by SIOR's Philadelphia market reporters. A dip in absorption connected with a slow national and northeastern U.S. economy is expected, pushing vacancy rates up a bit. Speculative development is anticipated to grind to a halt, and required preleasing levels to rise to 40 percent, as the market digests the large buildings now coming to completion. The underlying strength of the area will assert itself in the early 90s, and the mid-range forecast for this market is very positive.

* Class "A" and "B" outside CBD figures are combined.

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Phoenix, Arizona: Office

Market Data

Inventory (sf)	Class A* CBD	Class A* Outside CBD	Class B CBD	Class B Outside CBD
Total	21,520,651	13,472,368	-	-
Vacant	4,782,165	3,710,525	-	-
Vacancy Rate	22.2%	27.5%	-	-
Vacant Sublease	n/a	n/a	-	-
Under Construction	2,812,427	643,520	-	-
Substantial Rehab	n/a	n/a	-	-
Net Absorption	1,457,000	493,000	-	-

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	9.00	n/a	-	-
Highest	30.00	n/a	-	-
Weighted Average	17.20	15.50	-	-

Utility Rates: CBD $1.50 per sf
Outside CBD $1.50 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 300 sf
Outside CBD - 1 per 250 sf

Standard Work Letter: $20.00 per sf, typically based on dollars per square foot

Operating Cost Escalation:
Base Year

Cumulative Discount Rate: 25%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements
- Club Memberships

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Business Services
- Sales
- Government

Minor Activity
- Insurance
- Finance/Banking
- Engineering/Architecture
- Energy

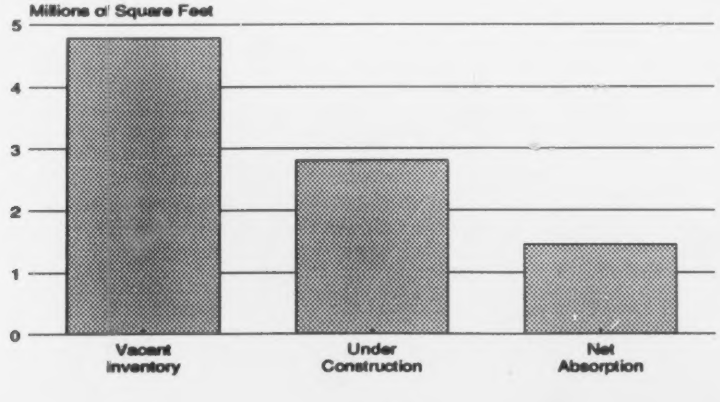
Demographics

		Rank
Population:	2,085,638	17
Population Growth Rate:	3.66%	
Unemployment Rate:	4.80%	
Median Household Income:	$32,588	24
Cost of living Index:	102.8	22

Outlook

Absorption	Down 7%
Construction	Down 3%
Vacancies	Up 2%
Rental Rates	Same
Landlord Concessions	Same

Market Inventory
Phoenix



1989 Review

The sudden slowdown of net in-migration caught this rapidly growing but demographically driven market in the midst of a construction boom. Phoenix saw a nearly 10 percent addition to its office inventory coming to completion even as its vacancy rate stood at 24.3 percent. Net absorption in 1989 rose to 1.95 million sq. ft., a 31 percent improvement over the prior year. Construction underway ran 77 percent ahead of 1989 absorption and so demand was further dissipated. The service sector was the principal demand generator last year. The FIRE sector is under great pressure, with Arizona's thrift industry severely affected by poor real estate lending practices and the Resolution Trust Corporation heavily laden with properties in the state. In this tenants' market, leasing concessions are routine and discounts run about 25 percent of the nominal rental rate.

1990 Forecast

The extremity of the real estate corrections has obscured the still vibrant expansion of the Phoenix economy. In 1990, real estate indicators will continue to slip as new properties enter an already troubled market. But Arizona's population is projected to increase 23 percent during the 1990s, with industry relocating here to take advantage of a strong labor pool, affordable housing and an attractive lifestyle. The principal question is whether the development pace can find the discipline to come more closely in line with the actual rate of demand generated.

* Combined "A" and "B" figures.

Pittsburgh, Pennsylvania: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	13,783,940	5,950,874	6,626,158	4,822,972
Vacant	2,106,293	941,165	1,577,061	833,518
Vacancy Rate	15.3%	15.8%	23.8%	17.3%
Vacant Sublease	221,539	10,000	39,467	130,526
Under Construction	0	776,000	0	162,000
Substantial Rehab	0	0	26,600	0
Net Absorption	503,043	501,739	n/a	n/a

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	12.00	8.00	7.00	6.20
Highest	28.50	20.00	19.50	21.00
Weighted Average	19.86	17.20	14.72	13.63

Utility Rates: CBD $1.50 per sf
Outside CBD $1.50 per sf
Not Separately Metered

Parking Ratio: CBD - n/a
Outside CBD - n/a

Standard Work Letter: n/a, typically based on dollars per square foot

Operating Cost Escalation: Base Year

Cumulative Discount Rate: n/a

Landlord Concessions
- Rental Abatement
- Moving Allowance
- Interior Improvements

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance
- Business Services
- Engineering/Architecture

Minor Activity

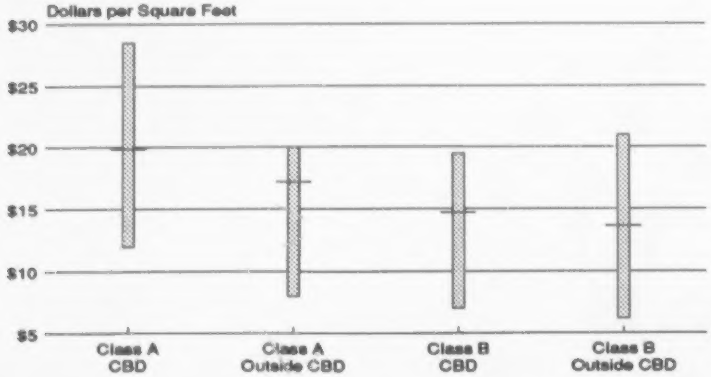
Demographics

		Rank
Population:	2,086,785	16
Population Growth Rate:	-0.68%	
Unemployment Rate:	3.90%	
Median Household Income:	$27,737	65
Cost of living Index:	102.5	23

Outlook

Absorption	Same
Construction	Same
Vacancies	Down
Rental Rates	Up
Landlord Concessions	Down

Rental Rates
Pittsburgh



1989 Review

Pittsburgh was among the minority of office markets in which net absorption was greater than new construction in 1989. A lull in development programs downtown fell two percentage points from a year ago in Class "A" properties. Availabilities in modern CBD towers reached 15.3 percent at the end of 1989, compared with an overall vacancy rate of 17.5 percent for the entire Pittsburgh market. Pittsburgh ranked eighth in a 1989 Fortune Magazine survey of the best places to do business in America. Fortune cited the close cooperation between government and business, the quality of the local workforce, low business costs, and locational advantages for corporate divisional operations.

1990 Forecast

A steady decline in vacancies is the highlight of the 1990 outlook for Pittsburgh. As the market tightens, nominal rents are expected to rise and leasing concessions to diminish. There is no CBD development activity scheduled for this year. Pittsburgh's airport, an increasingly important hub, is spurring considerable real estate development activity in its vicinity, and this is expected to add another dimension to the market in the first half of the 1990s.

Portland, Maine: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	3,500,000	2,500,000	n/a	n/a
Vacant	409,500	275,000	n/a	n/a
Vacancy Rate	11.7%	11.0%	n/a	n/a
Vacant Sublease	n/a	n/a	n/a	n/a
Under Construction	120,000	70,000	0	0
Substantial Rehab	50,000	0	0	0
Net Absorption	165,000	100,000	n/a	n/a

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	16.00	16.00	12.00	10.00
Highest	20.00	18.00	15.00	14.00
Weighted Average	18.00	17.50	14.00	12.00

Utility Rates: CBD $1.80 per sf
Outside CBD $1.80 per sf
Separately Metered

Parking Ratio: CBD - 1 per 600 sf
Outside CBD - 1 per 250 sf

Standard Work Letter: $14.00 per sf, typically based on dollars per square foot

Operating Cost Escalation: Base Year

Cumulative Discount Rate: 3-5%

Landlord Concessions
- Rental Abatement
- Interior Improvements

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance
- Business Services
- Sales
- Finance/Banking
- Engineering/Architecture
- Defense

Minor Activity
- Government
- Energy

Demographics

		Rank
Population:	216,513	94
Population Growth Rate:	1.24%	
Unemployment Rate:	2.10%	
Median Household Income:	$30,309	41
Cost of living Index:	n/a	n/a

Outlook

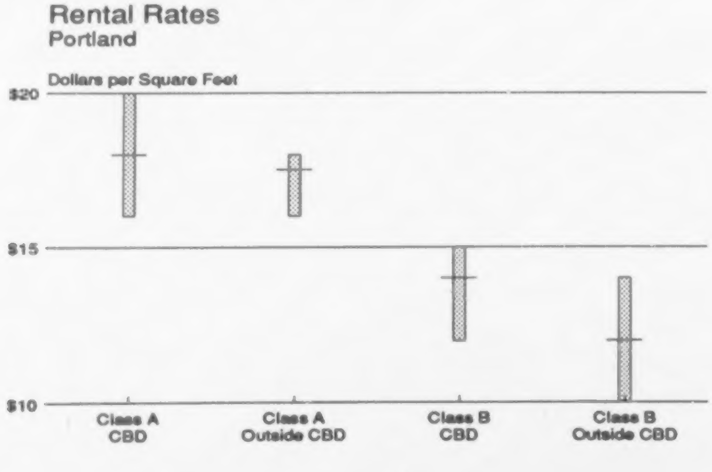
Absorption	Same
Construction	Down 25%
Vacancies	Down 20%
Rental Rates	Same
Landlord Concessions	Same

1989 Review

The recent bumpiness of the New England economy caused Portland to shift into lower gear during 1989. Net absorption in the market was 265,000 sq. ft., or about three-quarters of 1988's pace. That is still a 4.4 percent takeup rate when compared with the market's six million sq. ft. total inventory, highly satisfactory growth and in excess of the new construction now in progress. The economy is at virtually full employment and the office vacancy rate has been stable in the neighborhood of 11 percent. Pent-up demand has mostly been satisfied, with the suburban markets capturing the lion's share. In keeping with the downdraft affecting New England real estate generally, prices for sale or lease in the office market declined approximately 15 percent last year, influenced by negative projections for the future.

1990 Forecast

SIOR's reporter is fundamentally optimistic about the direction of the market. Construction activity should be slower this year, and a similar level of net absorption will bring vacancies down. Tighter financing constraints are expected to shift development from speculative projects to build-to-suit opportunities. Though clearly not immune to New England's problems, Portland is not so overextended as the market enters 1990 and its ability to withstand a lull is better than average for this part of the country.



Portland, Oregon: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	7,250,000	3,363,000	2,474,000	3,544,000
Vacant	805,000	537,000	451,000	542,000
Vacancy Rate	11.1%	16.0%	18.2%	15.3%
Vacant Sublease	77,000	20,000	15,000	8,000
Under Construction	284,000	337,000	n/a	n/a
Substantial Rehab	n/a	21,000	n/a	n/a
Net Absorption	65,000	132,000	35,000	84,000

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	12.00	12.00	9.50	7.50
Highest	30.90	19.50	16.00	17.90
Weighted Average	18.40	14.65	13.00	11.30

Utility Rates: CBD $1.45 per sf
Outside CBD $1.35 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 1,250 sf
Outside CBD - 1 per 250 sf

Standard Work Letter: $17.50 per sf, typically based on dollars per square foot

Operating Cost Escalation: Base Year

Cumulative Discount Rate: 15%

Landlord Concessions
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements
- Stepped Rent Schedule
- Expansion & Retraction Clauses

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance
- Business Services
- Government

Minor Activity
- Sales
- Finance/Banking
- Engineering/Architecture
- Energy

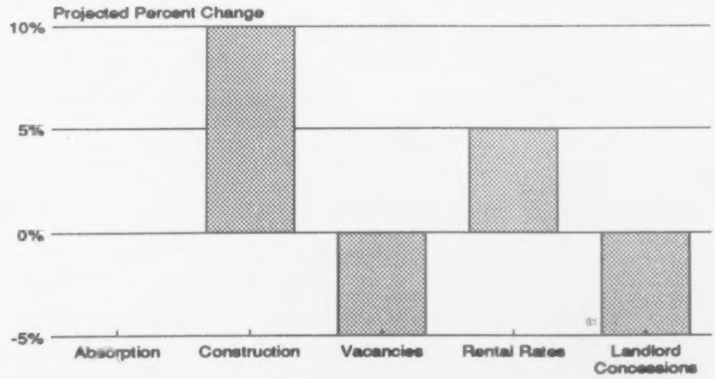
Demographics

		Rank
Population:	1,199,473	32
Population Growth Rate:	0.91%	
Unemployment Rate:	4.10%	
Median Household Income:	$25,920	79
Cost of living Index:	103.0	21

Outlook

Absorption	Same
Construction	Up 10%
Vacancies	Down 5%
Rental Rates	Up 5%
Landlord Concessions	Down 5%

Outlook
Portland



1989 Review

Leasing demand in the Portland, Oregon office market was much greater in 1989 than in the previous year. Net absorption of 316,000 sq. ft. was a multiple of 1988's disappointing level. The composition of absorption was broad-based, and came from both local expansions and the entry of new firms into the market. Portland's businesses have historically preferred downtown locations, but during 1989 the suburbs became increasingly acceptable for all tenant types. Portland's composite vacancy rate was 14 percent, well below the national average. The city ranked ninth in Fortune Magazine's 1989 ratings of excellent business locations. A no-growth bias which once characterized the area is weakening, but its legacy of preserving an attractive setting in the Pacific Northwest is one of the reason's for Portland's high Fortune ranking.

1990 Forecast

A cautious approach to development has shielded downtown and suburbs both from an excess of new construction. No change in this ingrained pattern is predicted. Most market measures are projected to improve in 1990, in the outlook of SIOR's reporter in the market. Business-to-business markets are expanding, and Portland's place on the Pacific Rim means that expanding trade with Asia will bring benefits to the local services economy.

Quad Cities, Iowa/Illinois: Office

Davenport, Bettendorf, Rock Island, Moline, and East Moline

Market Data

	Class A		Class B	
Inventory (sf)	CBD	Outside CBD	CBD	Outside CBD
Total	-	-	641,500	265,000
Vacant	-	-	97,904	55,181
Vacancy Rate	-	-	15.3%	20.8%
Vacant Sublease	-	-	n/a	n/a
Under Construction	-	-	n/a	n/a
Substantial Rehab	-	-	n/a	n/a
Net Absorption	-	-	30,000	10,000

	Class A		Class B	
Rental Rates ($/sf)	CBD	Outside CBD	CBD	Outside CBD
Lowest	-	-	9.00	8.00
Highest	-	-	15.00	12.00
Weighted Average	-	-	10.47	11.88

Utility Rates: CBD n/a
Outside CBD n/a
Not Separately Metered

Parking Ratio: CBD - n/a
Outside CBD - n/a

Standard Work Letter: $0.00 per sf

Operating Cost Escalation:
n/a

Cumulative Discount Rate: 6-10%
Landlord Concessions
Interior Improvements

Leasing Activity Profile
Minor Activity
Legal/Accounting
Insurance
Business Services
Sales
Finance/Banking

1989 Review

Both the economy and office market were weak in 1989 in the area. Not only on their own terms but also by comparison with other cities in this area of the country. The small size of the market is itself a detriment, since it lacks the critical mass to serve more than immediately local functions and cannot throw off much in the way of internally generated expansion requirements. Quad Cities is still heavily dependent upon manufacturing, especially farm equipment and food processing. Several plant closings rocked the economy and accounted for the area's above average unemployment rate. Net absorption for 1989 was a scant 40,000 sq. ft., and the composite vacancy rate was 16.9 percent.

1990 Forecast

Some anecdotal evidence of interest in the region is cited by SIOR's reporter as a hopeful sign of "outside interest" in local office opportunities. A more reliable source of growth, though less spectacular, would be the expansion needs of existing firms. This predicts only marginal change for 1990, however, in the prevailing conditions for this Upper Mississippi market.

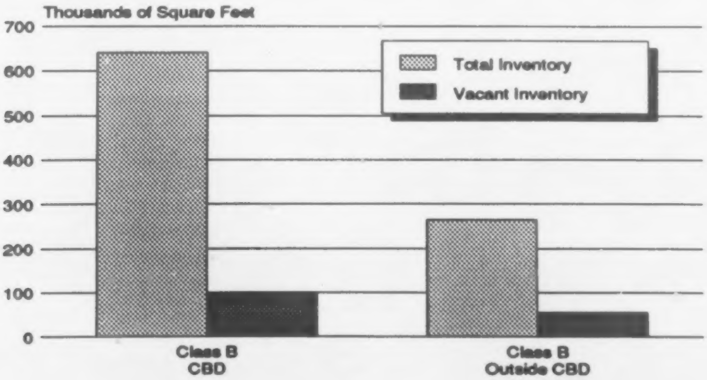
Demographics

		Rank
Population:	361,438	88
Population Growth Rate:	-0.67%	
Unemployment Rate:	6.30%	
Median Household Income:	$29,367	54
Cost of living Index:	93.1	67

Outlook

Absorption	n/a
Construction	n/a
Vacancies	n/a
Rental Rates	n/a
Landlord Concessions	n/a

Market Inventory
Quad Cities



Raleigh, North Carolina: Office

Raleigh, Durham, Research Triangle Park, Chapel Hill, and Cary

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	648,403	9,484,646	1,230,784	6,030,049
Vacant	127,996	2,116,839	148,812	712,835
Vacancy Rate	19.7%	22.3%	12.1%	11.8%
Vacant Sublease	n/a	n/a	n/a	n/a
Under Construction	1,005,000	830,650	0	31,000
Substantial Rehab	n/a	n/a	n/a	n/a
Net Absorption	6,086	314,262	15,668	79,071

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	15.00	14.50	12.00	12.00
Highest	21.00	18.50	14.00	14.00
Weighted Average	16.00	16.50	13.00	12.50

Utility Rates: CBD $1.30-1.80 per sf
Outside CBD $1.30-1.80 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 500 sf
Outside CBD - 1 per 250 sf

Standard Work Letter: $14.00/sf,typically based on $/sf & quantity of materials

Operating Cost Escalation: Base Year & Stop - $4.00

Cumulative Discount Rate: 20-30%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements
- Signing Bonuses
- Club Memberships
- Cancellation Options
- Equity

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Business Services
- Sales
- Finance/Banking
- High Tech / R&D

Minor Activity
- Insurance
- Engineering/Architecture
- Government
- Energy
- Real Estate

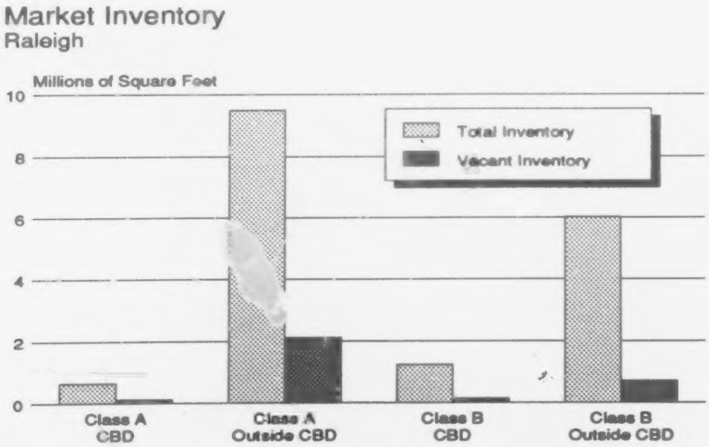
Demographics

		Rank
Population:	693,557	54
Population Growth Rate:	2.38%	
Unemployment Rate:	2.70%	
Median Household Income:	$33,261	21
Cost of living Index:	101.4	31

Outlook

Absorption	Same
Construction	Same
Vacancies	Down 10%
Rental Rates	Same
Landlord Concessions	Down 10%

Market Inventory
Raleigh



1989 Review

The three-way parlay of universities, government and private industry has proven a good bet for the self-named Research Triangle in the 1980s. In 1989, more chips were placed that the run of growth would continue. Buildings under construction will add almost two million sq. ft. to the office inventory, an 11 percent expansion of the base of supply. That is a daunting prospect even for a market with a 2.4 percent annual population growth and an unemployment rate of 2.7 percent. Vacancy in the market was 17.9 percent last year, a rate just a little above the national average. Net absorption, though, was only 415,000 sq. ft., as the market was hit by corporate consolidations and mergers which caused several companies to shed employees. Rents were low and highly discounted by concessions. The end of the 80s was not an easy time for this mid-Carolina office market.

1990 Forecast

Less than 10 percent of the space now under construction will be opening during 1990, and so a respite for the market is in the cards for the coming year. Vacancies should be shooting up again in 1991 when the building surge hits. With tenants aware of the dynamics of the market, the near-term decline in vacancies is not expected to move rents upward, although the 30 percent concessionary discounts may come down modestly.

Reno, Nevada: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	450,000	550,000	750,000	950,000
Vacant	150,000	125,000	30,000	100,000
Vacancy Rate	33.3%	22.7%	4.0%	10.5%
Vacant Sublease	10,000	25,000	15,000	20,000
Under Construction	0	10,000	0	35,000
Substantial Rehab	10,000	20,000	25,000	35,000
Net Absorption	50,000	40,000	20,000	35,000

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	15.00	14.00	12.00	9.00
Highest	20.00	16.00	13.00	14.00
Weighted Average	18.00	15.00	12.75	11.00

Utility Rates: CBD $1.50 per sf
Outside CBD $1.50 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 500 sf
Outside CBD - 1 per 250 sf

Standard Work Letter: $18.00 per sf, typically based on dollars per square foot

Operating Cost Escalation:
Base Year

Cumulative Discount Rate: 5%

Landlord Concessions
- Parking
- Rental Abatement
- Moving Allowance
- Interior Improvements

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Business Services
- Sales
- Government
- Mining

Minor Activity
- Insurance
- Finance/Banking
- Engineering/Architecture

1989 Review

The market statistics from Reno present an intriguing puzzle. Older, Class "B" space is in relative scarcity, with strong rents, good absorption and a considerable amount of rehabilitation activity underway. Meanwhile, the Class "A" market languishes with a 27.5 percent vacancy rate and nominal rents barely touching the $20 per sq. ft. mark. Part of the difficulty seems to be Reno's relatively thin economic base, and its comparatively remote location. Net absorption reached only 145,000 sq. ft. in 1989, but that was a 5.4 percent take-up rate in a 2.7 million sq. ft. market. That level of demand was spread over a wide range of tenant categories, however, and the market could only be described as being in fragile condition at the end of the 80s.

1990 Forecast

Improvement is forecast for 1990. There is no major development going on in the CBD, and minimal construction activity in the suburbs. Hence, demand will have a chance to eat away at the existing vacancy rate this year. In a small market such as this, shifts can occur rapidly. The apparently high vacancy rate notwithstanding, look for the Reno office market to tighten as soon as 1992.

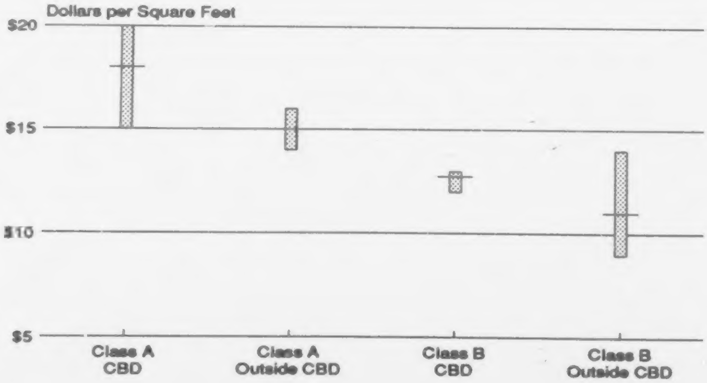
Demographics

		Rank
Population:	246,763	91
Population Growth Rate:	2.73%	
Unemployment Rate:	4.60%	
Median Household Income:	$27,602	67
Cost of living Index:	100.9	34

Outlook

Absorption	Up 5%
Construction	Up 5%
Vacancies	Down 5%
Rental Rates	Same
Landlord Concessions	Same

Rental Rates
Reno



Richmond, Virginia: Office

Market Data

Inventory (sf)	Class A* CBD	Class A* Outside CBD	Class B CBD	Class B Outside CBD
Total	5,338,820	9,910,744	-	-
Vacant	1,063,284	1,625,615	-	-
Vacancy Rate	19.9%	16.4%	-	-
Vacant Sublease	n/a	n/a	-	-
Under Construction	895,000	973,752	-	-
Substantial Rehab	0	0	-	-
Net Absorption	228,449	850,128	-	-

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	18.00	14.00	10.50	10.00
Highest	25.70	17.75	18.00	13.75
Weighted Average	21.50	15.50	14.25	11.50

Utility Rates: CBD $1.30 per sf
Outside CBD $1.40 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 900 sf*
Outside CBD - 1 per 250 sf
*monthly charge

Standard Work Letter: $14.00 per sf, typically based on dollars per square foot

Operating Cost Escalation: Stop - $4.00

Cumulative Discount Rate: 20-25%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements
- Club Memberships

Leasing Activity Profile

Major Activity
- Insurance
- Finance/Banking

Minor Activity
- Legal/Accounting
- Business Services
- Engineering/Architecture
- Government

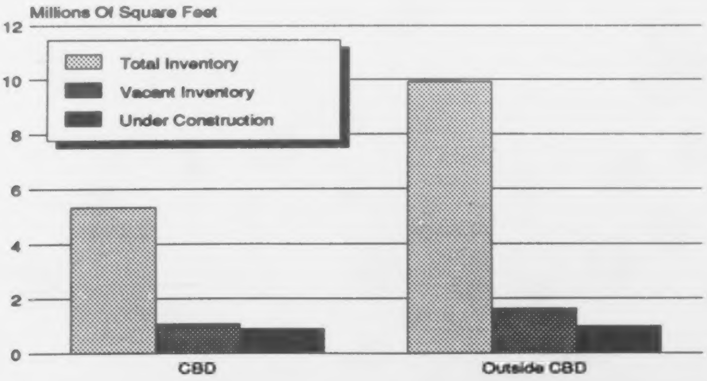
Demographics

		Rank
Population:	848,616	48
Population Growth Rate:	1.21%	
Unemployment Rate:	3.50%	
Median Household Income:	$34,933	15
Cost of living Index:	107.2	14

Outlook

Absorption	Down
Construction	Down
Vacancies	Up
Rental Rates	Same
Landlord Concessions	Up

Market Inventory
Richmond



1989 Review

Richmond is well along in a transition from an agriculturally based economy, principally dependent upon tobacco, to an institution economy reflecting the presence of major regional banks, some large universities, and the state government. This shift from a commodities to a services base has provided some insulations from severe business cycles and allowed the office-based sector of the economy to grow relatively quickly. In 1989, new development activity in Richmond was still intense with 1.9 million sq. ft. under construction, a substantial increase over the existing 15 million sq. ft. inventory base. Net absorption, at 1.1 million sq. ft., was good for a market of this size, but not enough to match the rate of construction. Richmond ended the year with a vacancy rate of 17.6 percent, significantly discounted rents, and an apprehensive real estate community.

1990 Forecast

Builders and lenders are cautious as 1990 begins. Financing requirements are tightening, with a 50 percent pre-leasing level emerging as the norm for construction loans to be funded. Thus, inducements for tenants to move are going to be heavy again this year, with buildings facing their first five-year rollovers directly targeted. A slower economy will complicate matters this year, and absorption may be down in the aggregate. Most market measures are projected to soften in the opinion of SIOR's market reporters.

* Combined "A" and "B" figures.

Roanoke, Virginia: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	802,904	469,855	202,176	621,930
Vacant	44,670	109,307	24,350	141,971
Vacancy Rate	5.6%	23.3%	12.0%	22.8%
Vacant Sublease	n/a	n/a	n/a	n/a
Under Construction	175,000	120,000	n/a	n/a
Substantial Rehab	n/a	n/a	n/a	n/a
Net Absorption	33,900	18,600	4,900	-45,234

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	12.00	13.50	10.50	11.50
Highest	14.00	14.50	11.50	12.50
Weighted Average	12.75	14.00	11.00	11.75

Utility Rates: CBD $1.50 per sf
Outside CBD $1.50 per sf
Not Separately Metered

Parking Ratio: CBD - n/a
Outside CBD - 1 per 200 sf

Standard Work Letter: $27.50 per sf, typically based on dollars per square foot

Operating Cost Escalation: Base Year

Cumulative Discount Rate: 5%

Landlord Concessions
- Rental Abatement
- Lease Assumptions
- Interior Improvements
- Parking (Suburbs Only)

Leasing Activity Profile

Major Activity
- Business Services
- Finance/Banking

Minor Activity
- Legal/Accounting
- Insurance
- Sales
- Engineering/Architecture
- Government
- Energy

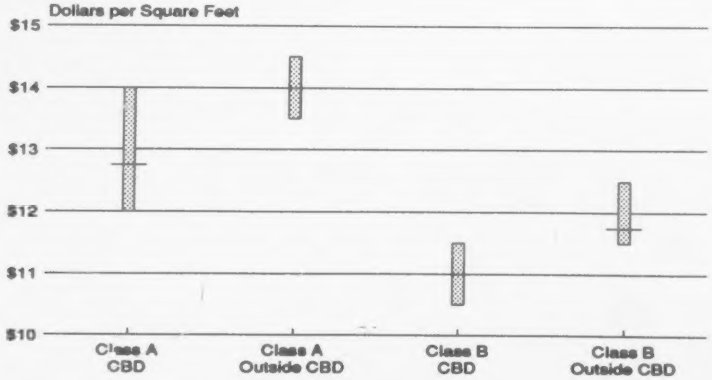
Demographics

		Rank
Population:	226,841	93
Population Growth Rate:	0.32%	
Unemployment Rate:	3.10%	
Median Household Income:	$30,191	43
Cost of living Index:	96.5	57

Outlook

Absorption	Up 3-5%
Construction	Up
Vacancies	Up 15%
Rental Rates	Same
Landlord Concessions	Same

Rental Rates
Roanoke



1989 Review

Roanoke in 1989 followed a pattern seen in many smaller office markets around the country. As office demand in general retrenched, these small markets found larger centers winning share as cost differentials shrunk and the appeal of a more varied lifestyle came into play. Roanoke's net absorption for the year was only 12,000 sq. ft., as tenants moved up from Class "B" space to more modern facilities. Over against this weak demand is nearly 300,000 sq. ft. of new construction volume, begun in a period in which Roanoke's vacancy rate was less than the national average. In a two million sq. ft. market, vacancy rates can be extremely volatile, and Roanoke found itself in the midst of a strong, sudden, negative shift during the past year.

1990 Forecast

SIOR's Roanoke specialist sees a modest upward correction in absorption for 1990, but not enough to forestall a serious deterioration in the market's overall occupancy rate. Overbuilt conditions are expected to prevail in all sectors throughout the year. Rents are already minimal, so no further erosion on lease rates is anticipated. Improvement in the larger cities of the Carolinas and Virginia will be required before the Roanoke market can see significant tightening.

Sacramento, California: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	2,600,000	9,800,000	4,517,000	11,950,000
Vacant	550,000	1,460,000	361,000	2,962,500
Vacancy Rate	21.2%	14.9%	8.0%	24.8%
Vacant Sublease	30,000	20,000	15,000	20,000
Under Construction	572,800	500,000	0	400,000
Substantial Rehab	0	0	30,000	200,000
Net Absorption	60,000	500,000	60,000	900,000

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	22.20	19.80	15.00	13.20
Highest	30.00	22.20	21.00	17.40
Weighted Average	n/a	n/a	n/a	n/a

Utility Rates: CBD $6.50 per sf
Outside CBD $5.00 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 500 sf
Outside CBD - 1 per 250 sf

Standard Work Letter: $22.00 per sf, typically based on dollars per square foot

Operating Cost Escalation: Base Year & Stop - Tenants Pay Pro Rata Over Stop

Cumulative Discount Rate: 12%

Landlord Concessions
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements
- Club Memberships

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance
- Business Services
- Sales
- Finance/Banking
- Government

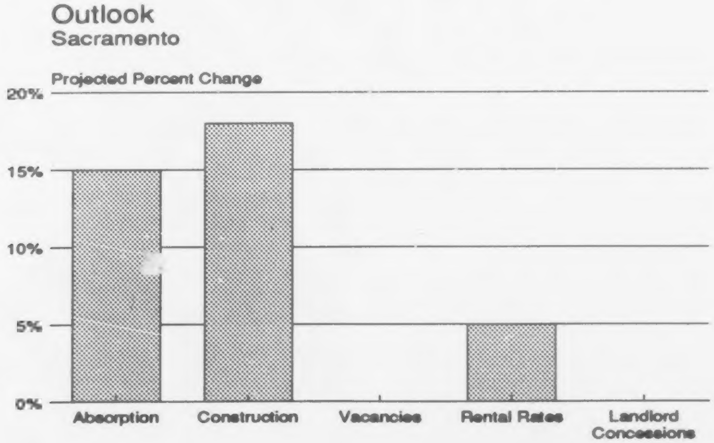
Minor Activity
- Engineering/Architecture
- Energy

Demographics

		Rank
Population:	1,401,531	27
Population Growth Rate:	2.73%	
Unemployment Rate:	4.70%	
Median Household Income:	$28,781	60
Cost of living Index:	114.1	9

Outlook

Absorption	Up 15%
Construction	Up 18%
Vacancies	Same
Rental Rates	Up 5%
Landlord Concessions	Same



1989 Review

California's state capital is undergoing rapid and positive change. Sacramento sits at the northern end of a chain of mid-sized cities, running down the center of the state, which are capturing significant spillover growth from the large urban centers on the coast. These cities include Stockton and Fresno and extend as far south as Ontario in Southern California. Sacramento registered strong demand for office space in 1989, with net absorption of more than 1.5 million sq. ft.. This matched the amount of new construction underway, making Sacramento one of only five markets in the country with a close correlation in its current demand ratio. Rents moved upward in 1989, particularly for Class "A" space. Modern buildings have also seen active interest on the part of purchasers.

1990 Forecast

Robust growth is predicted in the coming year and beyond. Both absorption and construction are forecast to increase, leaving vacancies steady but allowing rents to continue their march upward. National developers are reported to be entering the market, where land is available though increasingly expensive, and demand is expected to reflect Sacramento's status as the seventh fastest growing city in the U.S. History should caution against projections of a never-ending boom, but as 1990 begins, the real estate signals are "Go!" for the Sacramento office market.

Salt Lake City, Utah: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	6,000,000	7,000,000	6,000,000	6,000,000
Vacant	600,000	200,000	1,200,000	1,500,000
Vacancy Rate	10.0%	2.9%	20.0%	25.0%
Vacant Sublease	30,000	50,000	25,000	10,000
Under Construction	740,000	320,000	60,000	100,000
Substantial Rehab	400,000	0	200,000	0
Net Absorption	125,000	400,000	25,000	50,000

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	11.00	12.00	9.00	8.50
Highest	17.00	16.50	12.00	11.50
Weighted Average	13.00	14.00	10.50	10.00

Utility Rates: CBD $1.25 per sf
Outside CBD $1.25 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 400 sf
Outside CBD - 1 per 250 sf

Standard Work Letter: $15.00 per sf, typically based on dollars per square foot

Operating Cost Escalation:
Stop - Expense stop $4.00-5.00

Cumulative Discount Rate: 20%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements
- Signing Bonuses

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Business Services
- Government

Minor Activity
- Insurance
- Sales
- Finance/Banking

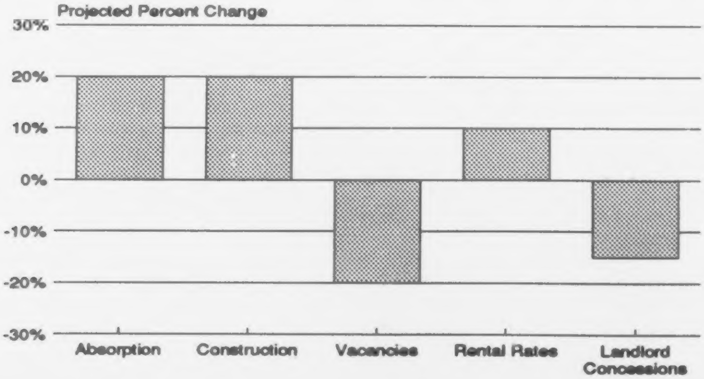
Demographics

		Rank
Population:	1,075,087	34
Population Growth Rate:	1.87%	
Unemployment Rate:	3.60%	
Median Household Income:	$29,584	51
Cost of living Index:	94.8	60

Outlook

Absorption	Up 20%
Construction	Up 20%
Vacancies	Down 20%
Rental Rates	Up 10%
Landlord Concessions	Down 15%

Outlook
Salt Lake City



1989 Review

Salt Lake City was identified by Fortune Magazine as being one of the real comers among mid-sized U.S. cities. The evidence is in the office market statistics. Class "A" vacancies are only 6.2 percent in the metropolitan area, and the overall occupancy rate of 86 percent is above the national average. Demand for office space is increasing, according to SIOR's Salt Lake City source, and the 600,000 sq. ft. of net absorption in 1989 bears out this impression. Telemarketers have discovered Utah, and Holiday Inn, Sears and J.C. Penney have large phone solicitation operations in place. Economic fundamentals are strong, with a current unemployment rate of 3.6 percent and a population growth rate of nearly 1.9 percent. Yet Salt Lake City's low land and construction costs keep office rents low and building activity energetic.

1990 Forecast

Anticipated market measures for Salt Lake City could hardly be better in 1990. Absorption is expected to accelerate, driving effective rents upward and vacancy down as much as 20 percent. Two major high-rise towers are under construction, the first major CBD development activity in three years. The future for this market seems solidly positive, with the major risk being a temptation to grow supply too fast for the narrow economic base to accommodate.

San Antonio, Texas: Office

Market Data

	Class A		Class B	
Inventory (sf)	CBD	Outside CBD	CBD	Outside CBD
Total	2,657,163	6,030,000	2,650,000	9,330,000
Vacant	498,181	1,695,000	750,000	3,055,000
Vacancy Rate	18.7%	28.1%	28.3%	32.7%
Vacant Sublease	n/a	50,000	n/a	n/a
Under Construction	0	0	0	0
Substantial Rehab	n/a	n/a	n/a	n/a
Net Absorption	272,093	144,306	55,236	203,462

	Class A		Class B	
Rental Rates ($/sf)	CBD	Outside CBD	CBD	Outside CBD
Lowest	12.00	12.00	7.00	6.00
Highest	16.00	17.75	11.00	10.00
Weighted Average	15.00	16.00	10.00	8.00

Utility Rates: CBD $1.70 per sf
Outside CBD $1.70 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 100 sf
Outside CBD - 1 per 250 sf

Standard Work Letter: $11.00 per sf,
typically based on dollars per square foot

Operating Cost Escalation:
Base Year & Stop - $4.50-5.50

Cumulative Discount Rate: 5-10%

Landlord Concessions
- Parking
- Lease Assumptions
- Moving Allowance
- Interior Improvements
- Signing Bonuses
- Club Memberships
- Option for Expansion / Renewal

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance
- Business Services
- Finance/Banking
- Government
- Agri Business
- Tourism

Minor Activity
- Sales
- Engineering/Architecture
- Energy

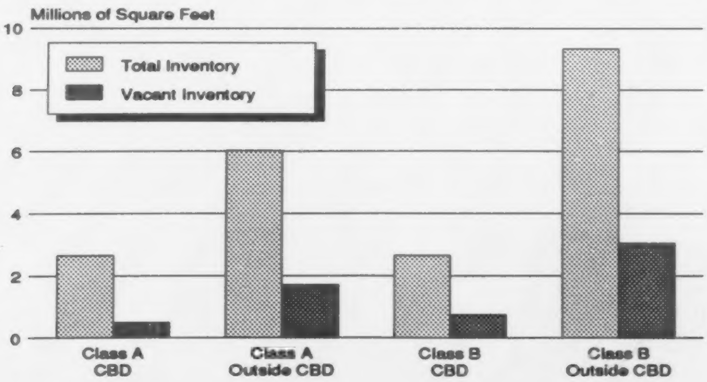
Demographics

		Rank
Population:	1,343,108	29
Population Growth Rate:	2.54%	
Unemployment Rate:	7.00%	
Median Household Income:	$27,246	71
Cost of living Index:	97.1	53

Outlook

Absorption	Same
Construction	Same
Vacancies	Down 10%
Rental Rates	Same
Landlord Concessions	Same

Market Inventory
San Antonio



1989 Review

The bare market statistics for San Antonio were dismal once again in 1989. Rents were no higher than $17.75 per sq. ft. in the best buildings in the market and the composite vacancy rate was 29 percent, representing nearly six million sq. ft. of empty space. But net absorption last year was 675,000 sq. ft. of office area and no new construction occurred in the market. Demand for better space is an important factor in the market, driving Class "B" vacancies up five to 10 percentage points above the Class "A" offices in their geographical submarkets. The improvement of the San Antonio economy is admittedly slow, and the real estate market is frankly in a depressed state. Landlords, however, are sending a message in proposing lease terms of no more than three years in anticipation of a dramatic turnaround in this office market.

1990 Forecast

San Antonio's towering vacancies are expected to come down slightly in 1990, but not enough to bring improvement to other market measures. Trade-ups in the market should further tighten the Class "A" market at the expense of older or less well-situated buildings. Population growth will help demand for local services employment, but there is still a comparatively slack labor market with the unemployment rate at seven percent. With new construction unlikely for the next few years, the gradual improvement of this market is a highly probable event.

San Diego, California: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	4,664,983	19,355,788	2,629,792	8,077,448
Vacant	338,965	5,027,797	707,461	1,166,050
Vacancy Rate	7.3%	26.0%	26.9%	14.4%
Vacant Sublease	300,000	400,000	80,000	100,000
Under Construction	1,690,196	2,247,829	0	0
Substantial Rehab	n/a	n/a	n/a	n/a
Net Absorption	265,249	3,937,722	222,123	193,460

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	19.80	18.00	12.00	10.20
Highest	42.00	36.00	18.00	16.80
Weighted Average	30.96	27.00	15.00	13.20

Utility Rates: CBD $21.60 per sf
Outside CBD $14.40 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 1,000 sf
Outside CBD - 1 per 250 sf

Standard Work Letter: $18.00 per sf, typically based on dollars per square foot

Operating Cost Escalation:
Base Year & Stop - Both $3.60-6.00

Cumulative Discount Rate: 10-20%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance
- Business Services
- Sales
- Engineering/Architecture
- Government
- Computer/Electronics
- Biomedical

Minor Activity
- Finance/Banking
- Energy

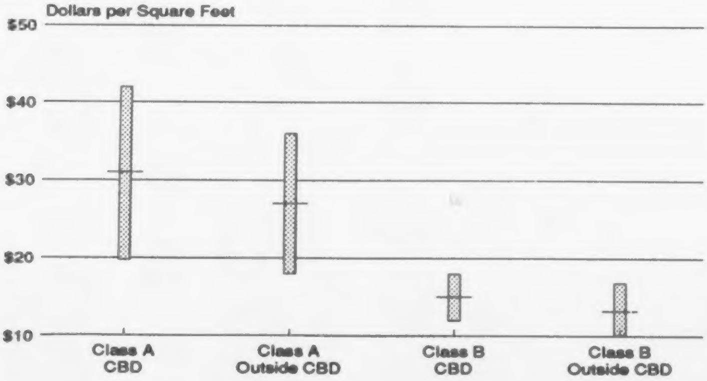
Demographics

		Rank
Population:	2,402,811	14
Population Growth Rate:	2.87%	
Unemployment Rate:	4.20%	
Median Household Income:	$29,546	52
Cost of living Index:	131.0	3

Outlook

Absorption	Up 10%
Construction	Up 10%
Vacancies	Up 15%
Rental Rates	Same
Landlord Concessions	Up 15%

Rental Rates
San Diego



1989 Review

The major story for 1989 in San Diego was the enormous volume of building underway. With nearly four million sq. ft. under development, the market's inventory was faced with an 11.5 percent expansion. This was a lot of building even for a city whose population has been growing nearly three percent per year. Net absorption was encouraging in 1989, with a wide distribution of tenant categories contributing to demand. Nominal rents were strong, and concessions well within the range of national norms. The marketwide 20.8 percent vacancy rate was troubling, especially the weakness in the suburban Class "A" space. The worry lies principally on the supply side of the equation. If development shows more discipline, absorption like 1989's would be an omen of better times for this market.

1990 Forecast

Most market measures are pointed upward for 1990, but this is hardly a positive reading for San Diego. Increased speculative development in Mission Valley, Sorrento Mesa and University City will be forcing vacancy rates ever higher. Defense cutbacks should slow down this market's growth rate in the next few years. But ample signs of economic diversification can be seen, and the benefits should flow to the office market in full measure during the early 1990s.

San Francisco, California: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	31,108,156	8,047,290	4,192,644	5,606,875
Vacant	4,034,196	916,660	1,234,527	634,317
Vacancy Rate	13.0%	11.4%	29.4%	11.3%
Vacant Sublease	744,063	171,173	83,298	107,776
Under Construction	950,500	721,334	0	0
Substantial Rehab	36,085	0	0	0
Net Absorption	1,170,365	236,940	n/a	n/a

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	13.00	12.00	10.85	11.00
Highest	42.00	28.00	29.00	25.20
Weighted Average	25.01	19.76	18.13	15.79

Utility Rates: CBD n/a
Outside CBD n/a
Not Separately Metered

Parking Ratio: CBD - 1 per 3,500 sf
Outside CBD - 1 per 1,000 sf

Standard Work Letter: $30.00 per sf

Operating Cost Escalation:
Base Year

Cumulative Discount Rate: n/a

Landlord Concessions
- Rental Abatement
- Moving Allowance
- Interior Improvements

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Business Services
- Sales
- Government

Minor Activity
- Insurance
- Finance/Banking
- Engineering/Architecture

1989 Review

Net absorption that is closely matched to new construction and a vacancy rate of 13.9 percent in existing buildings gives the San Francisco market one of the best sets of fundamental property statistics in the nation. Leasing activity has been accelerating since the final quarter of 1988, and the October earthquake stimulated moves from Class "B" buildings to "fully siesmised" properties. Legal firms were the most reliable source of demand during 1989. The slow growth ordinance known as "Proposition - M" held office completions down last year, as it will indefinitely into the future.

1990 Forecast

SIOR's local reporter sees the Bay Area market trending upward during 1990. Supply constraints from the low-growth ordinance force the market toward abnormally low vacancies and high rents. Tenants are well aware of alternatives in the surrounding metropolitan area and beyond into the Central Valley and north into Oregon and Washington. San Francisco's specialization in high value-added jobs will be reinforced by market imperatives next year and into the future.

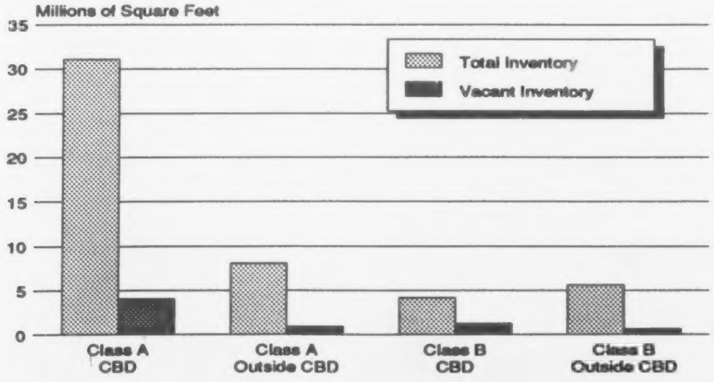
Demographics

		Rank
Population:	1,593,000	22
Population Growth Rate:	0.80%	
Unemployment Rate:	3.30%	
Median Household Income:	$48,000	2
Cost of living Index:	144.5	2

Outlook

Absorption	Same
Construction	Up 40%
Vacancies	Down 2%
Rental Rates	Same
Landlord Concessions	Same

Market Inventory
San Francisco



Seattle, Washington: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	17,551,061	3,373,581	2,603,097	1,635,425
Vacant	2,522,810	522,403	437,766	99,023
Vacancy Rate	14.4%	15.5%	16.8%	6.1%
Vacant Sublease	363,473	5,500	4,907	0
Under Construction	900,000	90,200	0	0
Substantial Rehab	0	0	0	0
Net Absorption	2,100,000	n/a	n/a	n/a

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	12.50	8.00	10.00	4.80
Highest	30.00	17.00	19.00	15.50
Weighted Average	19.77	13.07	15.13	10.20

Utility Rates: CBD $5.50-6.00 per sf
Outside CBD $4.50-5.00 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 1,000 sf
Outside CBD - 1 per 200 sf

Standard Work Letter: n/a

Operating Cost Escalation:
Base Year

Cumulative Discount Rate: 15%

Landlord Concessions
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements
- Club Memberships

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance
- Finance/Banking
- Government

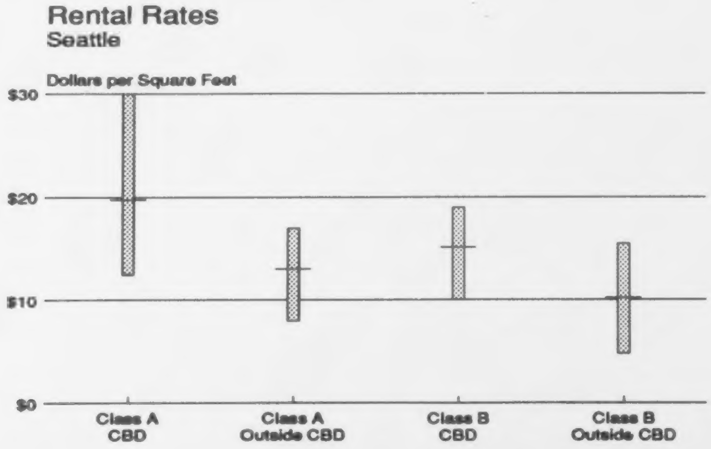
Minor Activity
- Business Services
- Sales
- Engineering/Architecture

Demographics

Demographics		Rank
Population:	1,868,615	18
Population Growth Rate:	1.69%	
Unemployment Rate:	4.40%	
Median Household Income:	$31,668	35
Cost of living Index:	111.1	13

Outlook

Absorption	Up
Construction	Down
Vacancies	Same
Rental Rates	Up
Landlord Concessions	Down



1989 Review

A bandwagon trumpeting the Seattle office market gathered momentum during 1989. A Harris Poll/Cushman & Wakefield survey ranked the city second in the nation as a business location. The National Real Estate Index and Grubb & Ellis joined in with strong recommendations for investment in this Pacific Northwest city. In 1989, Seattle had a 14.3 percent vacancy rate in its 25 million sq. ft. market inventory. Absorption of 2.1 million sq. ft. was a remarkable 8.4 percent of the total market, and exceeded the amount of new construction by more than two to one. The local economy has been moving in high gear, with Boeing, Microsoft, Weyerhauser and the Port of Seattle all vital parts of the local growth engine. In 1989, stringent development limitations were imposed on Seattle office builders with the Citizens Alternative Plan (CAP) legislation, establishing a ceiling on permitting activity for commercial construction in the CBD.

1990 Forecast

Demand for space will be intense in the suburban markets. Firms are looking for access, visibility and parking. The CAP initiative will limit new construction in 1990, moving development to the Kenty Valley and southern Snohomish County. SIOR's market observer predicts that most market measures will be positive during this year.

Seattle-Greater Eastside, Washington: Office

Bellevue and Greater Eastside

Market Data

	Class A		Class B	
Inventory (sf)	CBD	Outside CBD	CBD	Outside CBD
Total	3,640,000	4,500,000	250,000	5,100,000
Vacant	519,000	741,000	157,000	867,000
Vacancy Rate	14.3%	16.5%	62.8%	17.0%
Vacant Sublease	n/a	n/a	n/a	n/a
Under Construction	0	640,000	0	35,000
Substantial Rehab	n/a	n/a	n/a	n/a
Net Absorption	335,000	642,000	n/a	158,000

	Class A		Class B	
Rental Rates ($/sf)	CBD	Outside CBD	CBD	Outside CBD
Lowest	16.00	18.00	10.00	8.00
Highest	27.00	28.00	14.00	18.00
Weighted Average	22.00	18.00	12.00	15.50

Utility Rates: CBD $1.50 per sf
Outside CBD $1.50 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 400 sf
Outside CBD - 1 per 250 sf

Standard Work Letter: $18.00 per sf, typically based on dollars per square foot

Operating Cost Escalation: Base Year

Cumulative Discount Rate: 16%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements
- Club Memberships

Leasing Activity Profile

Major Activity
- Business Services
- Sales
- Engineering/Architecture
- Software Development
- Biotechnology

Minor Activity
- Legal/Accounting
- Insurance
- Finance/Banking

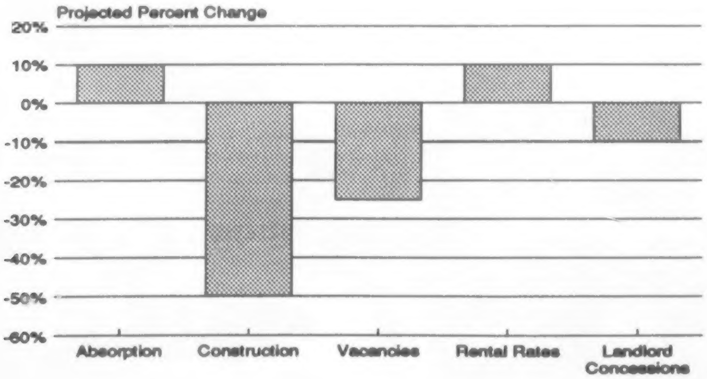
Demographics

		Rank
Population:	1,868,615	18
Population Growth Rate:	1.69%	
Unemployment Rate:	4.40%	
Median Household Income:	$31,668	35
Cost of living Index:	111.1	13

Outlook

Absorption	Up 10%
Construction	Down 50%
Vacancies	Down 25%
Rental Rates	Up 10%
Landlord Concessions	Down 10%

Outlook
Seattle-Greater Eastside



1989 Review

This suburban Seattle market is one of a minority of locations around the country that noticably shifted toward the advantage of the landlords during 1989. Demand was very strong, with net absorption in excess of 1.1 million sq. ft. last year. Construction, meanwhile, was only 675,000 sq. ft. and a moratorium on new development will be keeping construction volumes low. Modern Class "A" buildings showed a decided advantage in the past year, capturing the majority of leasing activity. The top tier of the market poised for upward rental growth, while the backfill market suffered from a potential glut of releasing space.

1990 Forecast

Foreign investment interest in the Seattle area is extremely strong. All market measures predict an extraordinary tightening in this market during 1990. Prices are moving toward "unheard of levels" in the opinion of SIOR's local correspondent. The consensus appears to be moving toward a positive outlook for the early 1990s in this Pacific Northwest office market.

Shreveport, Louisiana: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	1,403,274	553,595	741,192	725,246
Vacant	277,709	99,883	166,517	215,539
Vacancy Rate	19.8%	18.0%	22.5%	29.7%
Vacant Sublease	n/a	n/a	n/a	n/a
Under Construction	0	0	0	0
Substantial Rehab	0	0	0	0
Net Absorption	14,033	27,679	-37,059	36,262

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	8.00	9.50	7.00	6.00
Highest	16.00	12.50	9.00	10.00
Weighted Average	n/a	n/a	n/a	n/a

Utility Rates: CBD $1.26 per sf
Outside CBD $1.15 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 1,000 sf
Outside CBD - 1 per 200 sf

Standard Work Letter: $16.00 per sf, typically based on dollars per square foot

Operating Cost Escalation: Base Year

Cumulative Discount Rate: 0-10%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements

Leasing Activity Profile

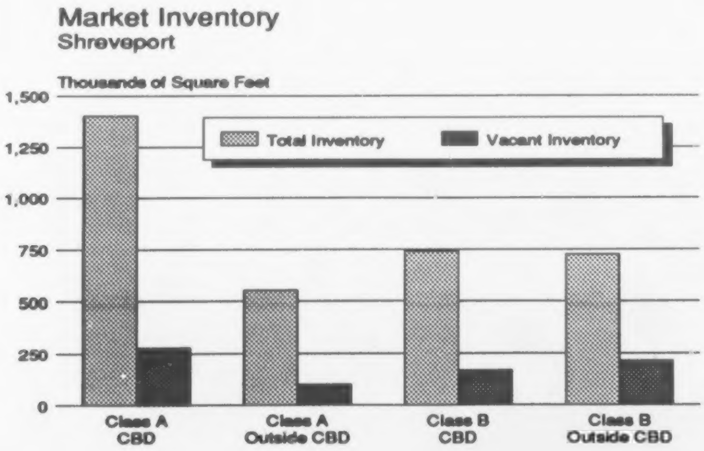
Minor Activity
- Legal/Accounting
- Insurance
- Business Services
- Government
- Energy

Demographics

		Rank
Population:	362,936	87
Population Growth Rate:	0.96%	
Unemployment Rate:	8.10%	
Median Household Income:	$24,605	86
Cost of living Index:	96.8	55

Outlook

Absorption	Up 5-10%
Construction	Up 5%
Vacancies	Down 5-10%
Rental Rates	Up 5-10%
Landlord Concessions	Same



1989 Review

This northern Louisiana city was afflicted with the common ailment of non-growing pains in 1989. Shreveport saw net absorption of only 42,000 sq. ft. during the past year, with all of the gain in Class "A" space. Vacancies were high when compared with leasing activity, and rent levels were modest.

1990 Forecast

Some expansions of local businesses are appearing as the oil slump begins to give way. No speculative development is anticipated during 1990, since market conditions warrant only build-to-suit construction at present rental rates. The overall outlook is for improving conditions in the coming year. Local business expansion will have only marginal effects on this severely depressed office market, and any near-term improvement would depend upon relocations from elsewhere in the nation.

Sioux City, Iowa: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	1,250,000	450,000	600,000	300,000
Vacant	30,000	n/a	170,000	10,000
Vacancy Rate	2.4%	n/a	28.3%	3.3%
Vacant Sublease	10,000	n/a	n/a	n/a
Under Construction	n/a	20,000	n/a	n/a
Substantial Rehab	n/a	n/a	125,000	n/a
Net Absorption	40,000	15,000	10,000	n/a

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	12.00	10.00	4.00	5.00
Highest	18.00	20.00	9.00	8.00
Weighted Average	16.00	15.00	5.00	5.50

Utility Rates: CBD $1.50 per sf
Outside CBD $1.50 per sf
Separately Metered

Parking Ratio: CBD - 1 per 2,000 sf
Outside CBD - 1 per 200 sf

Standard Work Letter: $8.00 per sf, typically based on dollars per square foot

Operating Cost Escalation:
Stop - First year costs

Cumulative Discount Rate: 5%

Landlord Concessions
- Parking
- Rental Abatement
- Interior Improvements

Leasing Activity Profile

Major Activity
- Engineering/Architecture
- Government
- Energy
- Health-Medical

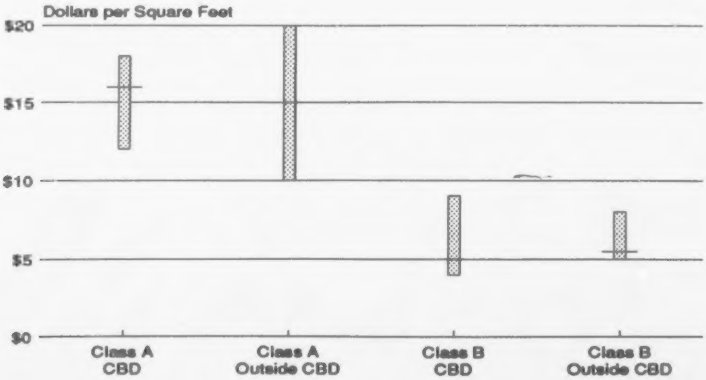
Minor Activity
- Insurance
- Business Services
- Finance/Banking

Demographics

		Rank
Population:	114,460	99
Population Growth Rate:	-0.29%	
Unemployment Rate:	3.90%	
Median Household Income:	$25,882	80
Cost of living Index:	103.1	19

Outlook

Absorption	Up
Construction	Up
Vacancies	Down
Rental Rates	Same
Landlord Concessions	Same


Rental Rates
Sioux City

1989 Review

The tiny Sioux City market witnessed an increase in demand during 1989. Sioux City's economy is predominantly comprised of agricultural services, and the recovery of the farm belt has spurred the office market's performance, especially in Class "A" buildings. The modest size of the market, 2.6 million sq. ft., means that relatively small swings in tenant activity make for large statistical shifts. Hence there is the anomaly of a 28 percent vacancy in Class "B" downtown space when the composite vacancy rate in the metropolitan area is a tight eight percent. The market was quite healthy in 1989, and recently constructed properties have found ready absorption. Modern suburban buildings posted a particularly smart rise in rents during the past year.

1990 Forecast

Another prosperous year is forecast for Sioux City. With new construction minimal and no new speculative buildings scheduled to commence development, supply will be short during the year. This should allow the soft pocket in the Class "B" space to improve as absorption runs a bit ahead of the 65,000 sq. ft. of net change realized last year.

South Bend, Indiana: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	1,250,000	150,000	900,000	300,000
Vacant	50,000	80,000	200,000	80,000
Vacancy Rate	4.0%	53.3%	22.2%	26.7%
Vacant Sublease	10,000	0	n/a	n/a
Under Construction	60,000	40,000	0	0
Substantial Rehab	20,000	20,000	20,000	20,000
Net Absorption	100,000	50,000	25,000	90,000

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	13.50	13.51	8.00	8.00
Highest	17.00	17.00	13.00	13.00
Weighted Average	15.25	15.25	10.50	10.50

Utility Rates: CBD $1.70 per sf
Outside CBD $1.70 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 300 sf
Outside CBD - 1 per 400 sf

Standard Work Letter: $14.00 per sf, typically based on dollars per square foot

Operating Cost Escalation: Stop - $4.00/sf

Cumulative Discount Rate: 10%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements

Leasing Activity Profile

Major Activity
- Insurance
- Business Services
- Finance/Banking
- Government

Minor Activity
- Legal/Accounting
- Sales

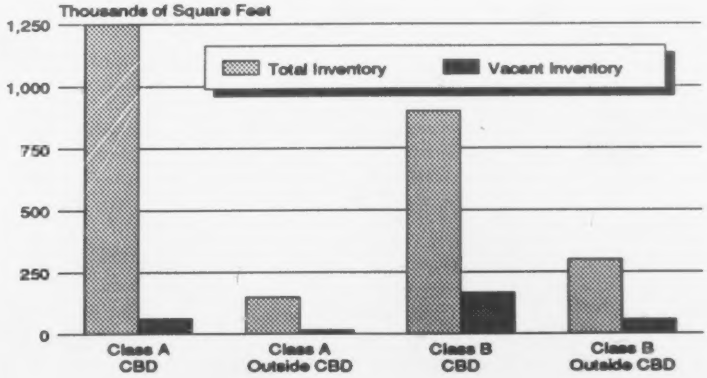
Demographics

		Rank
Population:	244,102	92
Population Growth Rate:	0.11%	
Unemployment Rate:	4.50%	
Median Household Income:	$28,460	63
Cost of living Index:	93.3	66

Outlook

Absorption	Down 1-5%
Construction	Down 6-10%
Vacancies	Up 1-5%
Rental Rates	Same
Landlord Concessions	Up 1-5%

Market Inventory
South Bend



1989 Review

This 2.6 million sq. ft. market saw its Class "A" vacancies fall to 7.9 percent in 1989, well below the level of a year ago. Including Class "B" space the market occupancy rate was 81 percent, with tenant upgrading a common occurance over the past year. Although the industrial economy weakened during the year and unemployment was up slightly, the 4.5 percent jobless rate in South Bend is evidence that the local area is still fairly strong. Net absorption was a robust 265,000 sq. ft. in 1989. Rents climbed during the year, especially in Class "A" suburban space which now matches downtown in its lease rates. Concessions are a moderate 10 percent of nominal rent. Leasing activity has been broad-based and includes firms moving into the South Bend-Mishawaka area.

1990 Forecast

Construction is expected to accelerate in 1990 to levels slightly ahead of demand. This will stabilize rents, and push up the vacancy rate during the year ahead. Trade-up activity should continue, and some relocation from the CBD to suburban buildings is anticipated by SIOR's respondents in South Bend.

Springfield, Massachusetts: Office

Springfield, Chicopee, Holyoke, Westfield, and West Springfield

Market Data

	Class A		Class B	
Inventory (sf)	CBD	Outside CBD	CBD	Outside CBD
Total	1,200,000	600,000	1,000,000	450,000
Vacant	100,000	200,000	400,000	175,000
Vacancy Rate	8.3%	33.3%	40.0%	38.9%
Vacant Sublease	n/a	n/a	n/a	n/a
Under Construction	0	100,000	0	75,000
Substantial Rehab	0	0	25,000	10,000
Net Absorption	30,000	50,000	60,000	25,000

	Class A		Class B	
Rental Rates ($/sf)	CBD	Outside CBD	CBD	Outside CBD
Lowest	17.00	16.00	15.00	12.00
Highest	22.00	19.00	17.00	15.00
Weighted Average	18.00	17.00	16.00	14.00

Utility Rates: CBD $1.50-2.00 per sf
Outside CBD $1.50-2.00 per sf
Not Separately Metered

Standard Work Letter: $10.00 per sf, typically based on dollars per square foot

Cumulative Discount Rate: n/a

Landlord Concessions
- Rental Abatement
- Moving Allowance
- Interior Improvements
- Signing Bonuses

Parking Ratio: CBD - n/a
Outside CBD - 1 per 400 sf

Operating Cost Escalation:
Base Year

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance
- Business Services
- Finance/Banking

Minor Activity
- Sales
- Engineering/Architecture
- Government
- Energy

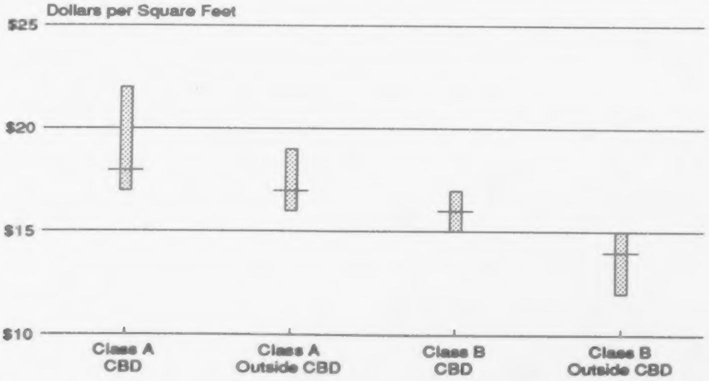
Demographics

		Rank
Population:	517,616	70
Population Growth Rate:	0.05%	
Unemployment Rate:	4.40%	
Median Household Income:	$31,411	36
Cost of living Index:	119.6	7

Outlook

Absorption	Same
Construction	Same
Vacancies	Same
Rental Rates	Same
Landlord Concessions	Up 5%

Rental Rates
Springfield



1989 Review

This Connecticut River Valley market is dramatically divided into two components: the Class "A" downtown buildings which are doing very well, and all other office properties which were in deep trouble in 1989. The Springfield economy has evolved from manufacturing to services, and Massachusetts Mutual Life Insurance is the area's largest employer. Western Massachusetts has been less severely affected by the New England economic slowdown than has the Boston area. Net absorption in the Springfield office market was therefore still acceptable at 165,000 sq. ft. in 1989, although down 31 percent from the year before. The net change in space was approximately equal to new construction, though, and this kept Class "B" and suburban Class "A" space oversupplied during the year.

1990 Forecast

There are 875,000 sq. ft. of existing inventory still vacant as 1990 begins, and this overhang of supply will discourage construction activity during the year. The sluggishness of the wider region will be felt in the Springfield area, and most market measures will not advance this year. Landlords in this competitive market will be putting more concessions on the table as inducements to tenants in an attempt to keep nominal rents firm.

St. Louis, Missouri: Office

CBD

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	8,864,229	-	6,600,000	-
Vacant	1,611,296	-	1,600,000	-
Vacancy Rate	18.2%	-	24.2%	-
Vacant Sublease	82,758	-	10,000	-
Under Construction	100,000	-	n/a	-
Substantial Rehab	n/a	-	n/a	-
Net Absorption	530,000	-	-140,000	-

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	15.00	-	8.75	-
Highest	35.00	-	16.50	-
Weighted Average	19.63	-	12.21	-

Utility Rates: CBD $2.00 per sf
Outside CBD n/a
Not Separately Metered

Parking Ratio: CBD - 1 per 2,000 sf
Outside CBD - n/a

Standard Work Letter: $16.50 per sf, typically based on dollars per square foot

Operating Cost Escalation: Base Year & Stop - $5.00-7.00

Cumulative Discount Rate: 15-20%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements
- Club Memberships
- Free Building Storage

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance
- Finance/Banking
- Employment Placement

Minor Activity
- Business Services
- Sales
- Engineering/Architecture
- Government
- Computer

Demographics

		Rank
Population:	2,492,349	12
Population Growth Rate:	0.52%	
Unemployment Rate:	5.20%	
Median Household Income:	$33,089	23
Cost of living Index:	97.5	49

Outlook

Absorption	Same
Construction	Down 35-45%
Vacancies	Down 3%
Rental Rates	Same
Landlord Concessions	Same

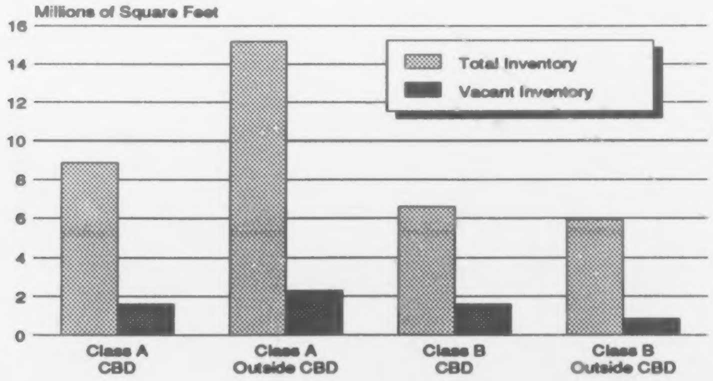
1989 Review

Net absorption in the St. Louis CBD office market accelerated to 390,000 sq. ft. in 1989, a 95 percent improvement over the previous year. The majority of the leasing activity came from expansion needs of St. Louis-based firms, especially in the financial and legal sectors. Law firms, in fact, are the largest tenant group downtown, accounting for nearly 18 percent of total occupancy. Only one building, Market Plaza, was completed in the CBD during 1989. Vacancies in the market are still uncomfortably high at 20.8 percent of the 15.5 million sq. ft. inventory. Average rents are below $20 per sq. ft., and discounts are widely available through a variety of lease concessions to tenants. Demand for Class "B" space continues to deteriorate, with a second straight year of negative absorption in older downtown buildings.

1990 Forecast

St. Louis will see minimal speculative office product begun during 1990. Developers and lenders will need substantial preleasing to justify new construction in what is still a soft market. SIOR's reporters are looking for absorption to repeat 1989's performance, allowing vacancy rates to creep down during the year. Investment activity will include equity lease deals for corporate tenants, and debt placements by Japanese and other foreign banks in conjunction with local lenders.

Market Inventory
St. Louis



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St. Louis, Missouri: Office

Outside CBD

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	-	15,200,000	-	5,955,112
Vacant	-	2,300,000	-	860,000
Vacancy Rate	-	15.1%	-	14.4%
Vacant Sublease	-	80,579	-	73,764
Under Construction	-	895,000	-	n/a
Substantial Rehab	-	n/a	-	n/a
Net Absorption	-	750,000	-	40,000

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	-	17.50	-	12.00
Highest	-	25.00	-	17.00
Weighted Average	-	20.00	-	15.43

Utility Rates: CBD n/a
Outside CBD $1.50 per sf
Not Separately Metered

Parking Ratio: CBD - n/a
Outside CBD - 1 per 250 sf

Standard Work Letter: $16.50 per sf, typically based on dollars per square foot

Operating Cost Escalation:
Base Year & Stop - $5.00-$7.00

Cumulative Discount Rate: 15-20%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements
- Club Memberships
- Free Building Storage

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance
- Finance/Banking
- Employment Placement

Minor Activity
- Business Services
- Sales
- Engineering/Architecture
- Government
- Computer

Demographics

		Rank
Population:	2,492,349	12
Population Growth Rate:	0.52%	
Unemployment Rate:	5.20%	
Median Household Income:	$33,089	23
Cost of living Index:	97.5	43

Outlook

Absorption	Same
Construction	Down 35-45%
Vacancies	Down 3%
Rental Rates	Same
Landlord Concessions	Same

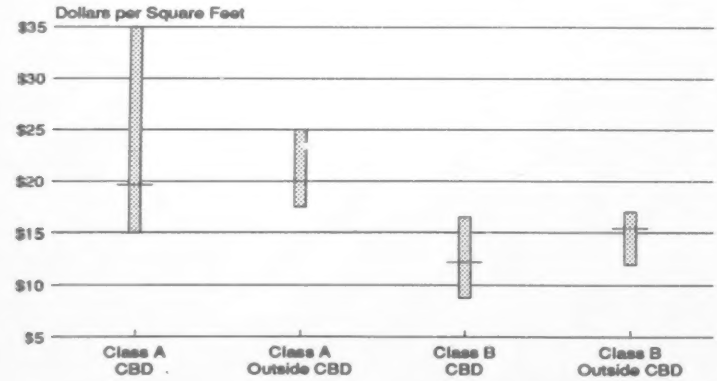
1989 Review

The St. Louis suburbs account for the majority of the office space in the entire metropolitan area. Nearly 58 percent of the total 36.6 million sq. ft. market inventory is in suburban locations, with Clayton and west St. Louis County having the largest share as of 1989. The suburban markets were better balanced than the CBD last year, with a vacancy rate of approximately 15 percent compared with downtown's vacancies in excess of 20 percent. Unusual for large, established cities, the St. Louis suburban markets achieved the highest average rents in its metropolitan area. 1989 marked the introduction of the "designer office building" to St. Louis, complete with health club, audio-visual facilities, food service and electronic security.

1990 Forecast

The market will be digesting a significant volume of new completions this year which were less than 20 percent preleased during their development phase. These include six projects in the Clayton and west St. Louis County submarkets varying in size from 52,000 to 180,000 sq. ft. Generally the outlook for the year is optimistic, though, since the suburbs have a much more diversified tenant profile than downtown to sustain demand. Insurance, banking, consumer and business services all play major roles in office parks in St. Louis' outer ring.

Rental Rates
St. Louis



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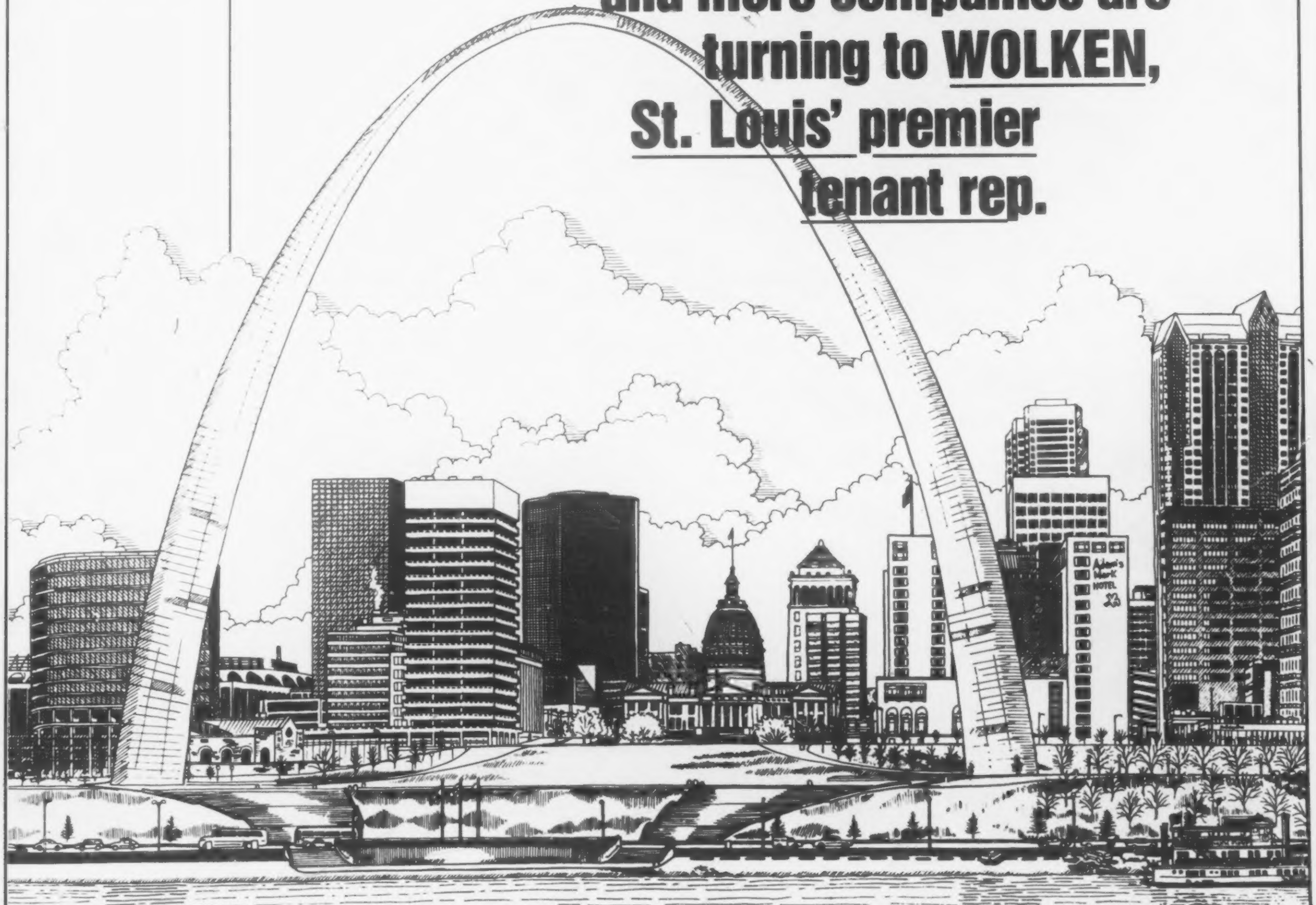

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YOUR AD COULD BE HERE IN THE
1991 GUIDE

Stamford/Norwalk, Connecticut: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	15,535,400	n/a	2,613,385	n/a
Vacant	3,927,279	n/a	639,358	n/a
Vacancy Rate	25.3%	n/a	24.5%	n/a
Vacant Sublease	n/a	n/a	n/a	n/a
Under Construction	0	n/a	0	n/a
Substantial Rehab	n/a	n/a	n/a	n/a
Net Absorption	139,000	n/a	-8,686	n/a

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	16.00	n/a	10.00	n/a
Highest	32.00	n/a	17.00	n/a
Weighted Average	23.25	n/a	16.20	n/a

Utility Rates: CBD $1.50 per sf
Outside CBD n/a
Not Separately Metered

Parking Ratio: CBD - 1 per 330 sf
Outside CBD - n/a

Standard Work Letter: $25.00 per sf, typically based on $/sf & quantity of materials

Operating Cost Escalation:
Base Year

Cumulative Discount Rate: 15%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements

Leasing Activity Profile

Major Activity
- Business Services

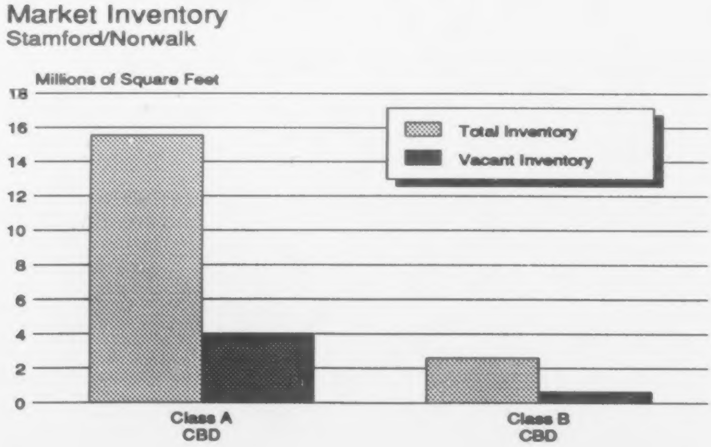
Minor Activity
- Legal/Accounting
- Insurance
- Sales
- Finance/Banking

Demographics

		Rank
Population:	191,475	95
Population Growth Rate:	-0.42%	
Unemployment Rate:	4.40%	
Median Household Income:	$62,997	1
Cost of living Index:	n/a	n/a

Outlook

Absorption	Same
Construction	Same
Vacancies	Same
Rental Rates	Same
Landlord Concessions	Same


Market Inventory
Stamford/Norwalk

1989 Review

Stamford's office market is in trouble. This city was built on corporate relocation activity from New York, and this source of demand has dried up. Worse, merger activity has caused existing users to consolidate operations and in some cases to move staff elsewhere. Stamford was also right in the center of the weakening economy of the northeastern states. The result was a meager 130,000 sq. ft. of net absorption in 1989. The occupancy rate in Stamford was less than 75 percent of its 18 million sq. ft. inventory, virtually unchanged from a year ago.

1990 Forecast

This market faces another stagnant year in 1990. There is no major catalyst in the current regional economy capable of triggering the level of new demand required to bring the market into balance over the short run. Consequently, it will take a broad-based regional recovery to strengthen Stamford's office conditions, and such an expansion is at least two years away.

Syracuse, New York: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	2,700,000	2,300,000	1,500,000	1,500,000
Vacant	225,000	350,000	475,000	250,000
Vacancy Rate	8.3%	15.2%	31.7%	16.7%
Vacant Sublease	0	10,000	0	0
Under Construction	170,000	200,000	0	0
Substantial Rehab	0	0	0	0
Net Absorption	75,000	225,000	0	0

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	15.00	14.00	10.00	11.00
Highest	21.00	16.50	14.00	13.00
Weighted Average	16.50	15.00	12.00	12.00

Utility Rates: CBD $1.50 per sf
Outside CBD $1.50 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 1,000 sf
Outside CBD - 1 per 200 sf

Standard Work Letter: $20.00 per sf, typically based on dollars per square foot

Operating Cost Escalation: Base Year

Cumulative Discount Rate: 10%

Landlord Concessions
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements
- Signing Bonuses

Leasing Activity Profile

Major Activity
- Insurance
- Finance/Banking
- Engineering/Architecture

Minor Activity
- Legal/Accounting
- Business Services
- Sales
- Government
- Energy

Demographics

		Rank
Population:	650,365	56
Population Growth Rate:	0.13%	
Unemployment Rate:	4.30%	
Median Household Income:	$32,356	28
Cost of living Index:	98.5	42

Outlook

Absorption	Up 5-10%
Construction	Same
Vacancies	Up 25%
Rental Rates	Same
Landlord Concessions	Up 10%

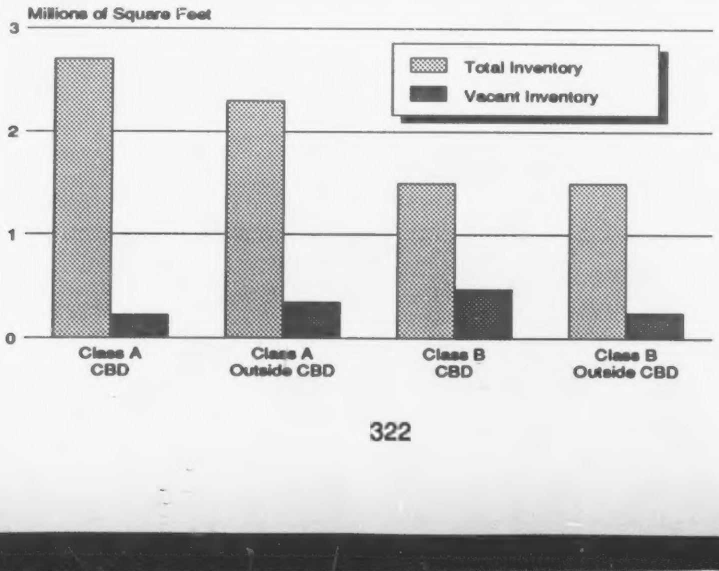
1989 Review

This upstate New York office market is sufficiently independent of the major East Coast financial centers to be insulated from the downturn affecting much of the region. A major university stabilizes the local economy, and supports private sector linkages in office-related fields such as engineering, accounting, data processing and other services. 1989 saw 300,000 sq. ft. of net absorption in the Syracuse office market, the majority of it in modern suburban office parks. This absorption represented a 76 percent increase over 1988. Rents in Class "A" properties rose during the year, and leasing concessions in this market were modest. There were clearly some problems in the older office buildings, especially downtown where the Class "B" vacancy was over 30 percent. Class "B" properties had a substantial surplus, and rents were very weak.

1990 Forecast

Further improvement in net absorption is forecast by SIOR's Syracuse observers, but the market overall is predicted to soften during 1990. This is because 370,000 sq. ft. of new construction is underway, a significant increase for this eight million sq. ft. market and 23 percent more than was absorbed last year. Nominal rents are expected to remain firm, but discounts to tenants should become more generous over the course of the year.

Market Inventory
Syracuse



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Tampa, Florida: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	3,903,583	9,361,448	869,711	3,850,294
Vacant	478,871	2,325,462	418,428	869,437
Vacancy Rate	12.3%	24.8%	48.1%	22.6%
Vacant Sublease	25,317	156,959	3,000	14,695
Under Construction	971,008	84,868	0	0
Substantial Rehab	0	0	0	0
Net Absorption	-8,107	767,316	-78,737	1,899

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	16.85	12.00	12.00	8.00
Highest	29.50	20.00	25.00	19.50
Weighted Average	21.90	17.84	15.26	13.49

Utility Rates: CBD n/a
Outside CBD n/a
Not Separately Metered

Parking Ratio: CBD - 1 per 1,000 sf
Outside CBD - 1 per 250 sf

Standard Work Letter: $13.50 per sf, typically based on $/sf & quantity of materals

Operating Cost Escalation:
Base Year

Cumulative Discount Rate: 15-20%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements
- Signing Bonuses
- Club Memberships

Leasing Activity Profile

Major Activity
- Insurance
- Finance/Banking
- Engineering/Architecture

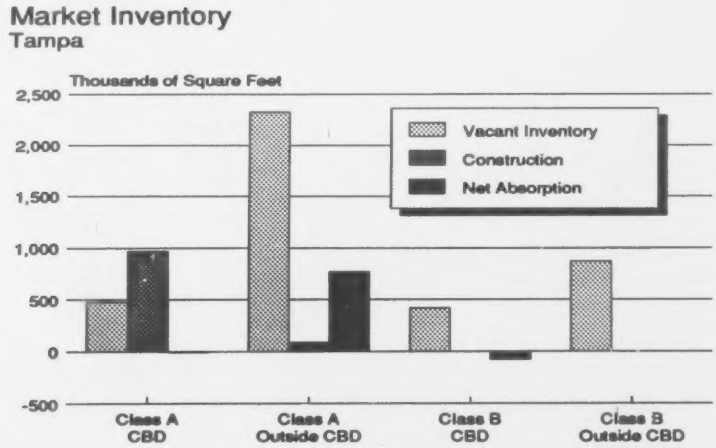
Minor Activity
- Legal/Accounting
- Business Services
- Sales
- Government
- Energy

Demographics

		Rank
Population:	2,050,880	18
Population Growth Rate:	2.70%	
Unemployment Rate:	4.90%	
Median Household Income:	$26,260	78
Cost of living Index:	n/a	n/a

Outlook

Absorption	Same
Construction	Down
Vacancies	Down
Rental Rates	Same
Landlord Concessions	Same



1989 Review

Last year was an active one for leasing, but new development added to the market inventory and sent vacancy rates higher than reported in SIOR's *Guide* a year ago. Tampa's office market now consists of 18 million sq. ft. of Class "A" and "B" space. Finance and services are key industries for the Gulf Coast market, and both had larger shares of the local economic pie in 1989. Particularly, insurance companies and engineering professional firms were active in the leasing market. Law firms and accounting firms, however, consolidated locally last year. Net absorption totalled 682,000 sq. ft., a good 3.8 percent take-up rate but below 1988's excellent absorption level. Modern suburban space had the most intense tenant interest in 1989, the Westshore area most specifically. Downtown Class "A" was the tightest submarket as its 12.3 percent vacancy rate was well below the marketwide average of 22.7 percent.

1990 Forecast

New office construction will be slow in 1990, a necessary respite for a market where development has outstripped demand recently. General economic slack as the national economy experiences its "soft landing" means that firms will be slow to move divisions this year, costing Tampa an important component of its growth formula. On balance, Tampa's market measures are expected to improve modestly this year.

Terre Haute, Indiana: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	60,000	100,000	150,000	0
Vacant	15,000	60,000	32,000	0
Vacancy Rate	25.0%	60.0%	21.3%	0.0%
Vacant Sublease	0	n/a	0	n/a
Under Construction	0	15,000	0	0
Substantial Rehab	n/a	n/a	n/a	n/a
Net Absorption	8,000	20,000	0	0

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	17.00	12.00	8.00	8.00
Highest	19.00	15.00	10.00	10.00
Weighted Average	-	-	-	-

Utility Rates: CBD n/a
Outside CBD n/a
Separately Metered

Parking Ratio: CBD - 1 per 500 sf
Outside CBD - 1 per 200 sf

Standard Work Letter: $10.00 per sf, typically based on dollars per square foot

Operating Cost Escalation: Base Year

Cumulative Discount Rate: 6-10%

Landlord Concessions
- Parking
- Interior Improvements

Leasing Activity Profile

Major Activity
- Business Services
- Sales

Minor Activity
- Legal/Accounting
- Insurance
- Finance/Banking
- Government

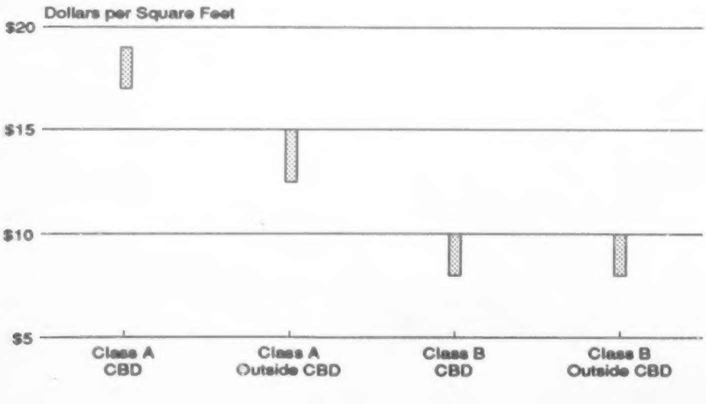
Demographics

		Rank
Population:	131,739	98
Population Growth Rate:	-0.45%	
Unemployment Rate:	4.40%	
Median Household Income:	$23,681	91
Cost of living Index:	101.6	27

Outlook

Absorption	Down 1-5%
Construction	Down 11-15%
Vacancies	Up 1-5%
Rental Rates	Same
Landlord Concessions	Up 6-10%

Rental Rates
Terre Haute



1989 Review

Terre Haute's economy is small and manufacturing-based, with aluminum products a major industry. Offices mostly house local services in small buildings, with few properties exceeding 10,000 sq. ft. Terre Haute found itself a tenant's market in 1989 with more than 100,000 sq. ft. of vacancy and only 28,000 sq. ft. of net absorption. Office sales were limited, and usually were in professional buildings for medical and dental practices. Rents are virtually unchanged from a year ago.

1990 Forecast

No speculative building has been announced for 1990, and none appears to be on the drawing board according to SIOR's local survey respondent. New construction underway is for owner-occupancy. Some weakening of the market is anticipated in 1990, a common story in the smaller markets of the industrial Midwest.

Toledo, Ohio: Office

Market Data

	Class A		Class B	
Inventory (sf)	CBD	Outside CBD	CBD	Outside CBD
Total	1,735,450	1,431,262	989,880	1,975,156
Vacant	311,355	398,296	222,745	251,303
Vacancy Rate	17.9%	27.8%	22.5%	12.7%
Vacant Sublease	n/a	n/a	n/a	n/a
Under Construction	n/a	n/a	n/a	n/a
Substantial Rehab	n/a	n/a	n/a	n/a
Net Absorption	-246,255	-267,590	19,468	97,247

	Class A		Class B	
Rental Rates ($/sf)	CBD	Outside CBD	CBD	Outside CBD
Lowest	12.85	12.50	11.00	8.00
Highest	21.00	17.50	15.50	10.00
Weighted Average	15.97	13.49	13.00	9.71

Utility Rates: CBD $3.10 per sf
Outside CBD $2.00 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 1,000 sf
Outside CBD - 1 per 250 sf

Standard Work Letter: $15.00 per sf, typically based on dollars per square foot

Operating Cost Escalation: Base Year

Cumulative Discount Rate: 10-15%

Landlord Concessions
- Rental Abatement
- Interior Improvements

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance
- Finance/Banking
- Engineering/Architecture

Minor Activity
- Business Services
- Sales
- Energy

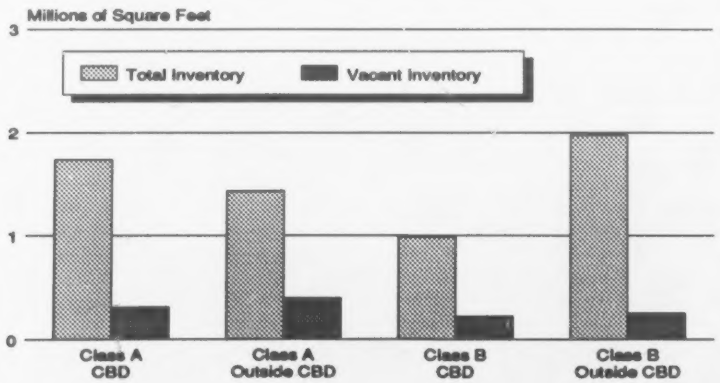
Demographics

		Rank
Population:	614,695	62
Population Growth Rate:	-0.04%	
Unemployment Rate:	5.60%	
Median Household Income:	$28,709	61
Cost of living Index:	103.1	20

Outlook

Absorption	Up 20%
Construction	Down 80%
Vacancies	Down 15%
Rental Rates	Same
Landlord Concessions	Same

Market Inventory
Toledo



1989 Review

Toledo is closely linked to the beleaguered auto industry, and must compete with the larger cities of Detroit and Cleveland for white collar job generation. These two factors contributed to the negative results suffered by Toledo's office market in 1989. In a rarity among the many markets covered in the SIOR survey, Toledo posted negative net absorption marketwide last year. Total occupied space was down 397,000 sq. ft. for the year, serious slippage in a market of only 6.1 million sq. ft. Conditions were very soft, with a composite vacancy rate of 19.3 percent. Most market activity was lateral tenant movement occasioned by firms expanding or contracting, and by merger activity in the accounting field.

1990 Forecast

Tenants actively in the market at the beginning of 1990 represent potential demand for only 120,000 sq. ft., compared with 1.2 million sq. ft. of current availabilities. There are no projects underway in the market, though, and even modest positive absorption would bring down the vacancy rate somewhat. Buildings now in the planning stages are unlikely to be brought to market until 1991 or 1992 at the earliest.

Tucson, Arizona: Office

Market Data

	Class A		Class B	
Inventory (sf)	CBD	Outside CBD	CBD	Outside CBD
Total	690,969	4,353,132	431,394	558,900
Vacant	151,188	1,104,462	78,324	196,927
Vacancy Rate	21.9%	25.4%	18.2%	35.2%
Vacant Sublease	n/a	n/a	n/a	n/a
Under Construction	0	0	0	0
Substantial Rehab	0	0	0	0
Net Absorption	-11,984	593	-16,804	9,078

	Class A		Class B	
Rental Rates ($/sf)	CBD	Outside CBD	CBD	Outside CBD
Lowest	10.00	10.00	9.00	9.00
Highest	20.00	20.50	14.00	14.00
Weighted Average	n/a	n/a	n/a	n/a

Utility Rates: CBD $1.25 per sf
Outside CBD $1.25 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 1,000 sf
Outside CBD - n/a

Standard Work Letter: $15.00 per sf, typically based on dollars per square foot

Operating Cost Escalation: Base Year

Cumulative Discount Rate: 20%

Landlord Concessions
- Parking
- Rental Abatement
- Interior Improvements

Leasing Activity Profile

Major Activity
- Business Services
- Government

Minor Activity
- Legal/Accounting
- Insurance
- Sales

1989 Review

Tucson's office market was flat in 1989 and barren of tenant activity. Net occupancy in the market was down by 19,000 sq. ft., as the vacancy rate stood at 25.4 percent marketwide. The uncertainty of the local economy, which is deeply troubled by the savings and loan crisis, is causing tenants to consider space compression upon lease renewal. Several firms decided to take advantage of 1989's pricing structure to acquire more than 50,000 sq. ft. of space for their own use.

1990 Forecast

A modest amount of positive absorption is predicted for 1990, allowing vacancies to decline. No development is projected for Tucson this year, with 1.5 million sq. ft. of empty space in the market. Rents should remain flat and drastically discounted. Essentially, 1990 shapes up as another dry year for this office market in the desert Southwest.

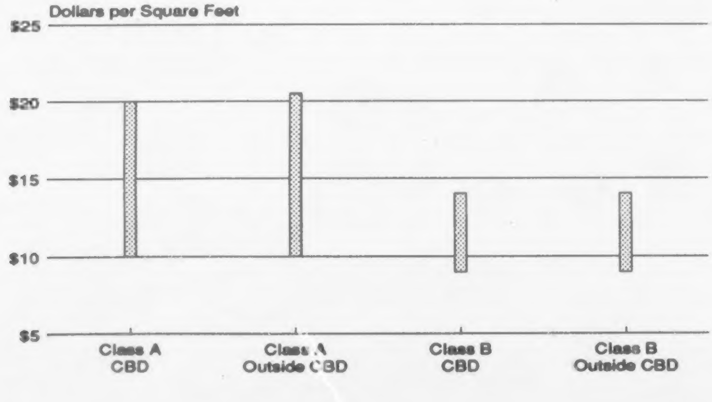
Demographics

		Rank
Population:	642,018	58
Population Growth Rate:	2.12%	
Unemployment Rate:	5.30%	
Median Household Income:	$26,810	76
Cost of living Index:	99.7	37

Outlook

Absorption	Up
Construction	Same
Vacancies	Down
Rental Rates	Same
Landlord Concessions	Same

Rental Rates
Tucson



Tulsa, Oklahoma: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	3,162,464	2,306,547	1,691,482	4,500,586
Vacant	665,095	574,145	490,340	1,105,715
Vacancy Rate	21.0%	24.9%	29.0%	24.6%
Vacant Sublease	n/a	n/a	n/a	n/a
Under Construction	0	0	0	0
Substantial Rehab	0	0	0	0
Net Absorption	79,658	97,485	-87,147	-74,621

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	9.00	9.00	7.50	7.50
Highest	12.00	12.00	10.00	9.00
Weighted Average	11.02	10.81	9.17	8.70

Utility Rates: CBD $1.30 per sf
Outside CBD $1.30 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 1,000 sf
Outside CBD - 1 per 300 sf

Standard Work Letter: $12.50 per sf, typically based on dollars per square foot

Operating Cost Escalation:
Base Year & Stop - Building Operating Cost Expense Stop

Cumulative Discount Rate: 10-12%

Landlord Concessions
- Parking
- Lease Assumptions
- Moving Allowance
- Interior Improvements

Leasing Activity Profile

Major Activity
- Government

Minor Activity
- Legal/Accounting
- Insurance
- Business Services
- Sales
- Engineering/Architecture

Demographics

		Rank
Population:	730,938	53
Population Growth Rate:	1.19%	
Unemployment Rate:	5.40%	
Median Household Income:	$27,614	66
Cost of living Index:	92.1	69

Outlook

Absorption	Up 1-5%
Construction	Same
Vacancies	Down 1-5%
Rental Rates	Same
Landlord Concessions	Same

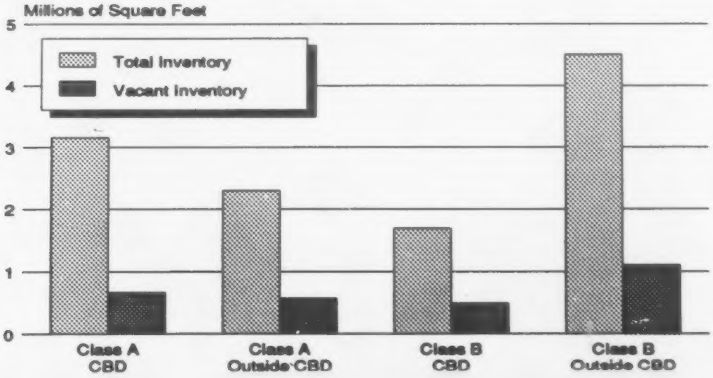
1989 Review

The predominant leasing trend during 1989 was the shift of tenants from Class "B" to Class "A" space, lured by the very low rent differential. Vacancy throughout the Tulsa area was vitually unchanged from 1988, at 24.3 percent. Modem downtown buildings were the strongest market segment, and have one of the most economical CBD lease rates in the nation. Class "B" properties suffered negative net absorption, as tenants traded up. Government and public utilities were the most active sources of demand.

1990 Forecast

Diversification is the hope for the Tulsa market. Corporations like Kimberley-Clark and American Airlines are reducing this market's dependency upon the energy industry. A small increase in net absorption is forecast by SIOR's respondent. Market psychology should be improving. An energetic economic development campaign by the State of Oklahoma is underway. And, nightmarish headlines notwithstanding, the initial Resolution Trust Corporation portfolio listed only 89 commercial properties for RTC disposition in the State of Oklahoma.

Market Inventory
Tulsa



Virginia Peninsula, Virginia: Office

Hampton, Newport News, and Williamsburg

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	174,982	997,871	289,290	994,631
Vacant	59,015	394,252	29,406	210,525
Vacancy Rate	33.7%	39.5%	10.2%	21.2%
Vacant Sublease	15,000	18,000	0	7,000
Under Construction	0	53,000	0	0
Substantial Rehab	0	0	0	0
Net Absorption	7,758	93,000	17,500	11,600

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	16.50	14.00	10.50	9.50
Highest	16.50	22.00	12.00	12.50
Weighted Average	16.50	15.86	10.92	11.19

Utility Rates: CBD $1.20-1.50 per sf
Outside CBD $1.20 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 1,000 sf
Outside CBD - 1 per 250 sf

Standard Work Letter: $14.00 per sf, typically based on quantity of materials

Operating Cost Escalation:
Base Year

Cumulative Discount Rate: 10-18%

Landlord Concessions
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements

Leasing Activity Profile

Major Activity
- Business Services
- Government
- Defense Contractors

Minor Activity
- Legal/Accounting
- Insurance
- Sales
- Finance/Banking
- Engineering/Architecture
- Energy

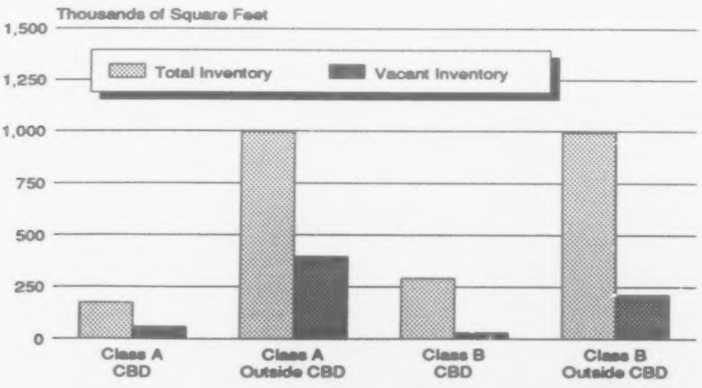
Demographics

		Rank
Population:	n/a	n/a
Population Growth Rate:	n/a	
Unemployment Rate:	n/a	
Median Household Income:	n/a	n/a
Cost of living Index:	n/a	n/a

Outlook

Absorption	Same
Construction	Down 50%
Vacancies	Down 5-10%
Rental Rates	Same
Landlord Concessions	Same

Market Inventory
Virginia Peninsula



1989 Review

This small office market spent 1989 in a seriously overbuilt state, with an overall vacancy rate of 28.2 percent burdening its 2.5 million sq. ft. inventory. Class "A" space was especially weak, both in the core areas and in the suburbs. Class "B" offices, the most economical on average in the area, sustained the best supply/demand relationship on the peninsula. Net absorption for the year was 130,000 sq. ft., an encouraging take-up rate amounting to 5.3 percent of inventory. An extensive list of concessionary options was available to induce tenant commitments, and their cost could be as high as 18 percent of the nominal rent.

1990 Forecast

Speculative development will grind to a halt in 1990. Local lenders will be exercising stricter discipline, with a minimum of 25 to 50 percent preleasing mandatory before loans will be funded. This market will be seriously affected by defense cutbacks, and its local economic base is not sufficiently diversified to make up the difference with private sector growth. The stabilization of supply, however, will allow vacancies to be gradually reduced. Rents are expected to remain at 1989 levels for another year at least.

Washington D.C.: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	78,705,000	136,120,000	-	-
Vacant	7,493,000	22,080,000	-	-
Vacancy Rate	9.5%	16.2%	-	-
Vacant Sublease	1,315,000	2,505,000	-	-
Under Construction	8,935,288	11,100,000	-	-
Substantial Rehab	11,703,074	348,000	-	-
Net Absorption	2,400,000	6,900,000	-	-

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	15.00	12.00	-	-
Highest	45.00	36.00	-	-
Weighted Average	29.24	21.72	-	-

Utility Rates: CBD $2.00 per sf
Outside CBD $1.75 per sf
Separately Metered

Parking Ratio: CBD - 1 per 1,500 sf
Outside CBD - 1 per 300 sf

Standard Work Letter: $18.00 per sf, typically based on quantity of materals

Operating Cost Escalation: Stop - CBD: $10-$12, Outside CBD: $6-$8

Cumulative Discount Rate: 15-50%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements
- Signing Bonuses
- Club Memberships
- Space Planning Allowances
- Fixed Steps Only

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Insurance
- Business Services
- Sales
- Finance/Banking
- Engineering/Architecture
- Government
- Non Defense Contractors

Minor Activity
- Energy
- Defense Contractors

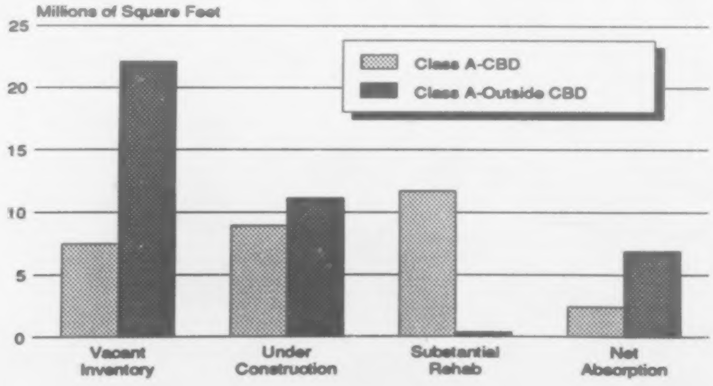
Demographics

		Rank
Population:	3,774,154	7
Population Growth Rate:	1.67%	
Unemployment Rate:	2.80%	
Median Household Income:	$45,837	3
Cost of living Index:	128.4	4

Outlook

Absorption	Down 20%
Construction	Down 50%
Vacancies	Same
Rental Rates	Same
Landlord Concessions	Same

Market Inventory
Washington, D.C.



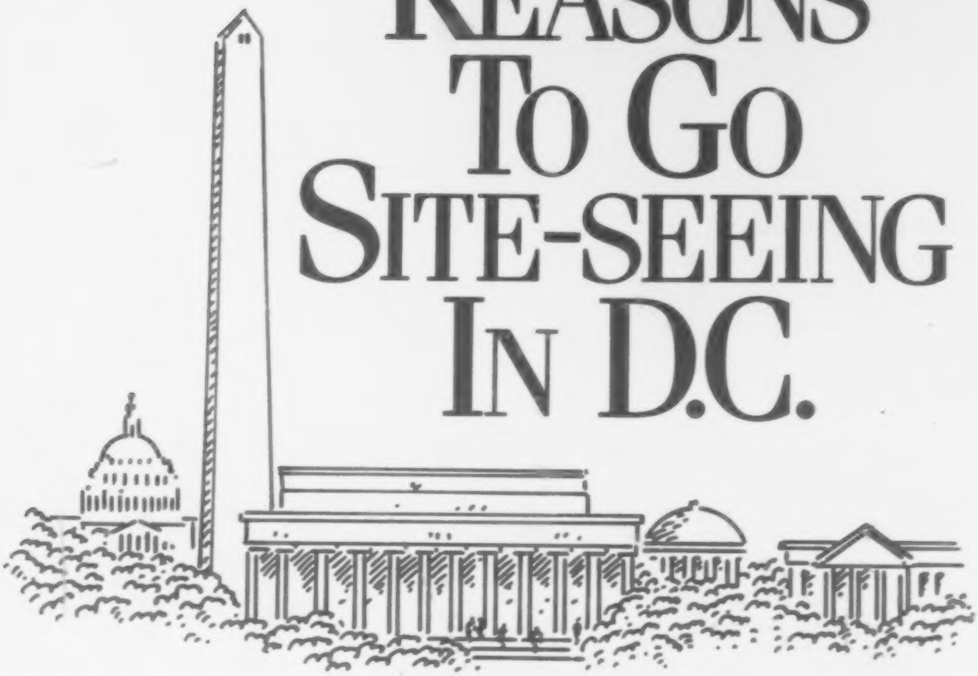
1989 Review

The sustained growth of the Washington, D.C. office market was one of the outstanding real estate stories of the 1980s. As the decade closed, the Capital Area had an enormous office inventory of 215 million sq. ft.. Its vacancy rate at the close of 1989 was 13.8 percent, well below the national average, and was only 9.5 in the CBD itself. Demand was high last year, but was beginning to slip from its peak levels. Inauspiciously, net absorption last year was only 46 percent of the current construction volume - not counting the 12 million sq. ft. undergoing substantial rehabilitation. Nominal rents were very high in the District, but leasing concessions were positively prodigal as competition stiffened.

1990 Forecast

The boom cycle for Washington is climaxing, and this office market should be far less frenetic during the 1990s. Absorption is expected to be trimmed by 20 percent next year, and construction will be retrenching even more. There is real uncertainty about how much the restructuring of the defense establishment will cause private contractors to the government to shrink their operations. The shift of federal dollars to the health or drug enforcement sectors has been discussed, but it is unlikely that either of these will materially increase their office requirements in 1990.

SIX REASONS TO GO SITE-SEEING IN D.C.



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West Palm Beach, Florida: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	1,320,000	2,335,000	985,000	1,910,000
Vacant	267,000	467,000	235,000	710,000
Vacancy Rate	20.2%	20.0%	23.9%	37.2%
Vacant Sublease	56,000	30,000	110,000	59,000
Under Construction	0	250,000	0	165,000
Substantial Rehab	0	0	43,000	0
Net Absorption	137,000	195,000	53,000	106,000

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	22.00	20.00	14.00	16.00
Highest	32.00	26.00	20.00	20.00
Weighted Average	26.00	21.00	18.00	18.00

Utility Rates: CBD $2.00 per sf
Outside CBD $1.40 per sf
Separately Metered

Parking Ratio: CBD - 1 per 400 sf
Outside CBD - 1 per 250 sf

Standard Work Letter: $18.00 per sf, typically based on quantity of materals

Operating Cost Escalation:
Stop - Full Pass Through

Cumulative Discount Rate: 15%

Landlord Concessions
- Rental Abatement
- Lease Assumptions
- Moving Allowance
- Interior Improvements
- Signing Bonuses
- Club Memberships

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Finance/Banking
- Government

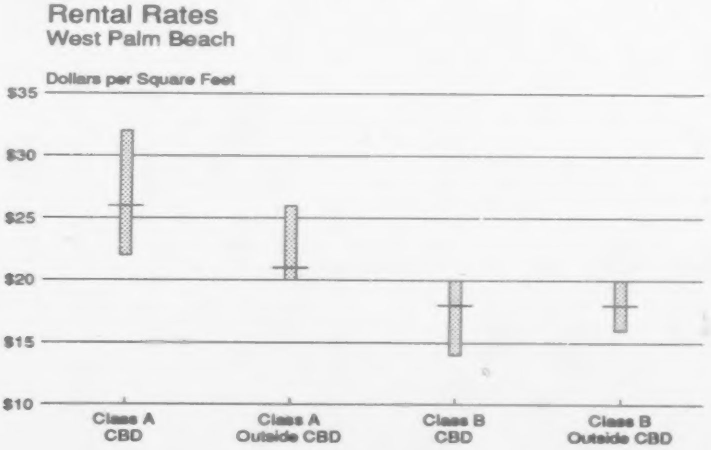
Minor Activity
- Insurance
- Business Services
- Sales
- Engineering/Architecture
- Energy

Demographics

		Rank
Population:	841,737	50
Population Growth Rate:	4.29%	
Unemployment Rate:	6.50%	
Median Household Income:	$32,570	25
Cost of living Index:	n/a	n/a

Outlook

Absorption	Same
Construction	Down 20%
Vacancies	Same
Rental Rates	Same
Landlord Concessions	Down 3%



1989 Review

Palm Beach County absorbed nearly one-half million sq. ft. of offices during 1989, approximately the same volume of increased occupancy as achieved in 1988. The market ended the year with a vacancy rate of 25.6 percent. Class "A" space captured most of the leasing, and had the best occupancy ratio last year. Corporate relocations to South Florida have helped this market. Competition for tenants was fierce, with many inducements offered by landlords to capture market share.

1990 Forecast

The outlook for West Palm Beach is for marginal improvement in 1990. A steady rate of absorption will help the vacancy rate some, but not enough to push rents up. Discounted leases will be prevalent. The tremendous oversupply and the object lesson of local Resolution Trust Corporation properties will inhibit office construction this year.

Wichita, Kansas: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	2,225,000	760,000	2,000,000	1,200,000
Vacant	316,000	95,000	400,000	290,000
Vacancy Rate	14.2%	12.5%	20.0%	24.2%
Vacant Sublease	50,000	0	100,000	0
Under Construction	0	200,000	0	0
Substantial Rehab	0	0	0	0
Net Absorption	n/a	n/a	n/a	n/a

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	10.00	9.00	6.00	5.00
Highest	20.00	15.00	12.00	11.00
Weighted Average	14.00	12.00	11.00	10.00

Utility Rates: CBD $1.50-2.00 per sf
Outside CBD $1.50-2.00 per sf
Not Separately Metered

Parking Ratio: CBD - 1 per 250 sf
Outside CBD - 1 per 250 sf

Standard Work Letter: $55.00 per sf, typically based on dollars per square foot

Operating Cost Escalation: Base Year

Cumulative Discount Rate: 6-10%

Landlord Concessions
- Parking
- Rental Abatement
- Lease Assumptions
- Interior Improvements

Leasing Activity Profile

Minor Activity
- Legal/Accounting
- Insurance
- Business Services
- Engineering/Architecture
- Government

1989 Review

Wichita has one of the most prosperous economies in the Farm Belt states. Like several other cities in the region, its central location has helped it capture demand for modern space for functions like telemarketing, reservations centers, and similar national services. Wichita's office market contains a total of 6.2 million sq. ft., and the vacancy rate in 1989 was 17.8 percent, slightly above the national average. Rents were extremely inexpensive, but discount levels were modest. Most of the demand came in small units from local service firms.

1990 Forecast

The market is predicted to hold very steady in 1990. Approximately 200,000 sq. ft. are scheduled for development in suburban locations. Demand will be oriented toward modern properties, and the vacancy differential between Class "A" and Class "B" space may widen this year. The locally important aircraft industry may be the wild card, particularly if Boeing's military aircraft operation suffers from a sudden cutback in government orders and the effects ripple through the engineering sector.

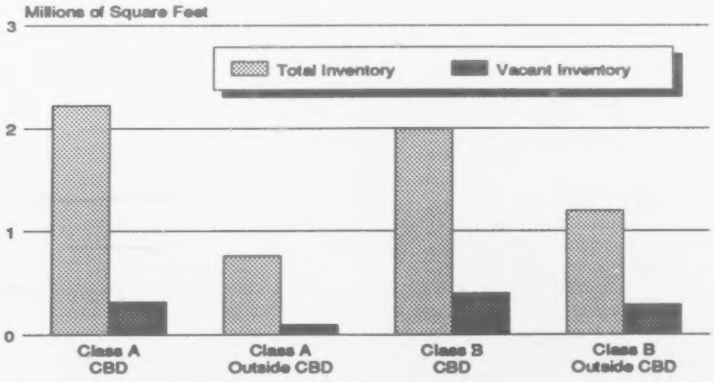
Demographics

		Rank
Population:	484,432	73
Population Growth Rate:	1.03%	
Unemployment Rate:	4.40%	
Median Household Income:	$30,455	40
Cost of living Index:	97.3	51

Outlook

Absorption	Same
Construction	Same
Vacancies	Same
Rental Rates	Same
Landlord Concessions	Same

Market Inventory
Wichita



Wilmington, Delaware: Office

Market Data

Inventory (sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Total	2,676,047	2,850,341	1,503,488	1,416,390
Vacant	342,038	204,735	488,176	49,355
Vacancy Rate	12.8%	7.2%	32.5%	3.5%
Vacant Sublease	1,366	3,200	55,600	8,000
Under Construction	320,000	671,400	n/a	n/a
Substantial Rehab	0	0	n/a	n/a
Net Absorption	91,516	146,590	n/a	n/a

Rental Rates ($/sf)	Class A CBD	Class A Outside CBD	Class B CBD	Class B Outside CBD
Lowest	18.50	14.50	14.00	10.65
Highest	22.75	20.50	16.50	15.00
Weighted Average	19.43	17.07	15.63	14.04

Utility Rates: CBD $1.25 per sf
Outside CBD $1.25 per sf
Not Separately Metered

Parking Ratio: CBD - n/a
Outside CBD - 1 per 286 sf

Standard Work Letter: $18.00 per sf, typically based on quantity of materals

Operating Cost Escalation:
Stop - $4.50-5.00

Cumulative Discount Rate: 15%

Landlord Concessions
- Rental Abatement
- Interior Improvements

Leasing Activity Profile

Major Activity
- Legal/Accounting
- Finance/Banking

Minor Activity
- Insurance
- Business Services
- Sales
- Engineering/Architecture

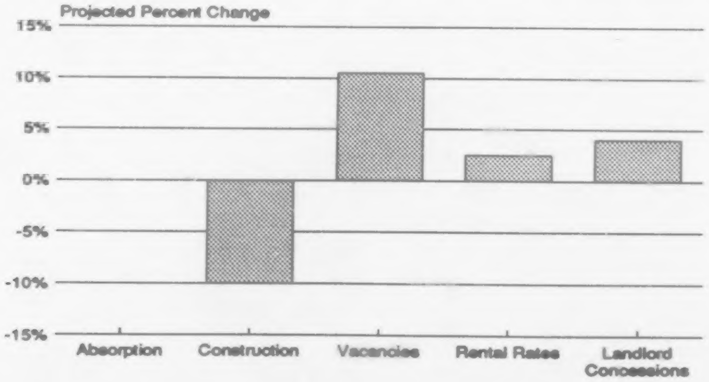
Demographics

		Rank
Population:	576,551	66
Population Growth Rate:	1.08%	
Unemployment Rate:	3.70%	
Median Household Income:	$35,238	13
Cost of living Index:	117.7	8

Outlook

Absorption	Same
Construction	Down 10%
Vacancies	Up 10%
Rental Rates	Up 2-3%
Landlord Concessions	Up 3-5%

Outlook
Wilmington



1989 Review

Wilmington's office market has grown appreciably over the 80s, largely attracting the operational (back office) functions of financial firms as an adjunct to the administrative offices of the corporate sector. Total inventory in the market is 8.5 million sq. ft., evenly divided between CBD and suburbs. Net absorption in 1989 was 237,000 sq. ft., leaving the market with a vacancy rate of 12.8 percent. Space in the suburban market was quite tight, while the CBD had an occupancy rate of less than 80 percent. Low rent is an attraction in this market, and concessions commonly are offered to discount nominal lease rates by 15 percent.

1990 Forecast

Wilmington has about one million sq. ft. under construction, and 700,000 sq. ft. of this is speculative development. With absorption likely to remain below a quarter-million sq. ft. in 1990, vacancies are projected to rise and the market will see more signs of softness this year. Increased leasing concessions, rather than a reduction in nominal rent, are anticipated to be the likely strategy of landlords as stiff competition characterizes the market. The year is viewed as a cyclical trough by SIOR's reporter, rather than a harbinger of extended weakness.

OFFICE SURVEY QUESTIONNAIRE

Society of Industrial and Office REALTORS®
Office Real Estate Market Survey - 1989 Review / 1990 Forecast

READ CAREFULLY BEFORE FILLING OUT QUESTIONNAIRE: This questionnaire must be received by the SIOR National Office by December 15, 1989 if your report is to be included in the *1990 Guide to Industrial and Office Real Estate Markets.* For data compilation reasons, any surveys received after December 15, 1989 cannot be used.

Please type or print your answers clearly.
The individual reporter must be a member of SIOR.
Be sure to include both the individual's name and the firm's name
Please use the abbreviation of N/A for Not Available
and the abbreviation of "—" for Not Applicable

If you have any questions, please contact:
Linda Nasvaderani
Society of Industrial and Office REALTORS®
777 14th Street, N.W., Suite 400
Washington, D.C. 20005-3271
202/ 383-1138
FAX: 202/383-1114

Identification

Market Area ______________________________

Reporter's Name ______________	Reporter's Name ______________
Firm Name ______________	Firm Name ______________
Address ______________	Address ______________
______________	______________
City ________ State ____ Zip ____	City ________ State ____ Zip ____
Business Phone ______________	Business Phone ______________

Comments

SIOR urges each reporter to provide some comments about their market area. Readers of last year's SIOR *Guide to Industrial and Office Real Estate Markets* found the market area narratives valuable. Your specific comments will be incorporated into the 1990 report.

Comment on demand for office space (lease and/or sales): ______________________________

Comment on new speculative development in 1990: ______________________________

Comment on local / regional economy: ______________________________

Comment on real estate market trends in your market area (e.g. user relocations or expansions, backfilling, foreign investment, move-up activity, office condos, etc.): ______________________________

Other Comments: ______________________________

Society of Industrial and Office REALTORS®
Office Real Estate Market Survey - 1989 Review / 1990 Forecast

Section I: Inventory Data

Definitions - Please read carefully

CBD	*Central Business District space located near the historical urban core commonly associated with traditional government and financial districts in most cities.*
Outside CBD	*Includes both suburban areas and "urban clusters" with area of high office space concentrations which often rival Nearby CBD's*
Class A	*Excellent location, high quality tenants, high quality finish, well-maintained, professionally managed and usually new, or old buildings that are competitive with new buildings.*
Class B	*Good location, professionally managed, fairly high quality construction and tenancy. Class B buildings generally show very little functional obsolescence and deterioration.*
Total Inventory	*Total square footage of rentable space, vacant and occupied, ready for tenant finish, in your market area. Do not include owner occupied space.*
Vacant Inventory	*Total square footage of vacant rentable space, including sublease.*
Sublease Inventory	*Total square footage of vacant sublease space.*
Under Construction	*Total square footage of office space under construction. Ground must be broken; do not include projects that are still in the planning stages.*
Substantial Rehabilitation	*Repair/replacement of building interior finish and/or systems requiring temporary displacement of tenants.*
Net Absorption	*Net absorption is the change in occupied office stock in 1989.*

Inventory (as of December 1989)		**Class A**	**Class B**
Total	CBD	______________ sq ft	______________ sq ft
	Outside CBD	______________ sq ft	______________ sq ft
Vacant	CBD	______________ sq ft	______________ sq ft
	Outside CBD	______________ sq ft	______________ sq ft
Vacant Sublease	CBD	______________ sq ft	______________ sq ft
	Outside CBD	______________ sq ft	______________ sq ft
Under Construction	CBD	______________ sq ft	______________ sq ft
	Outside CBD	______________ sq ft	______________ sq ft
Substantial Rehabilitation	CBD	______________ sq ft	______________ sq ft
	Outside CBD	______________ sq ft	______________ sq ft
Net Absorption	CBD	______________ sq ft	______________ sq ft
	Outside CBD	______________ sq ft	______________ sq ft

Society of Industrial and Office REALTORS®
Office Real Estate Market Survey - 1989 Review / 1990 Forecast

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Section II: Rental Rates

Definitions - Please read carefully

Lowest	*Minimum quoted rental rate for competitive office space in each class.*
Highest	*Maximum quoted rental rate for competitive office space in each class.*
Weighted Average	*Average quoted rental rate weighted by the vacant space available at the rental rate, in each class. Obtained by multiplying each buildings rent by the vacant space available in each building, adding the products and dividing by the sum of the vacant space available.*

1. Please indicate the range of quoted gross rental rates in your market area (Dollars per rentable square foot per year)?

Rental Rates		**Lowest**	**Highest**	**Weighted Average**
Class A	CBD	________	________	________
	Outside CBD	________	________	________
Class B	CBD	________	________	________
	Outside CBD	________	________	________

Section III: Landlord Concessions

2. Are the following landlord lease concessions common in your market area today?

Parking	☐ Yes	☐ No
Rental Abatement	☐ Yes	☐ No
Lease Assumptions	☐ Yes	☐ No
Moving Allowance	☐ Yes	☐ No
Additional Interior Improvements	☐ Yes	☐ No
Signing Bonuses	☐ Yes	☐ No
Club Memberships	☐ Yes	☐ No

Other________________________________

Other________________________________

Other________________________________

3. What is the cumulative discount to quoted rents of landlord lease concessions on gross rental rates? __________ %

4. Please indicate the extent of leasing activity by various industries in your market area at the present time?

	Major Activity	Minor Activity	No Activity
Legal/Accounting	☐	☐	☐
Insurance	☐	☐	☐
Business Services	☐	☐	☐
Sales	☐	☐	☐
Finance/Banking	☐	☐	☐
Engineering/Architecture	☐	☐	☐
Government	☐	☐	☐
Energy	☐	☐	☐
Other________________	☐	☐	
Other________________	☐	☐	

Society of Industrial and Office REALTORS®
Office Real Estate Market Survey - 1989 Review / 1990 Forecast

Section IV: Other Market Information

5. What are average annual utility rates per square foot in your area?

CBD $ ____________ sq. ft

Outside CBD $ ____________ sq. ft.

Is space for lease typically separately metered? ☐ Yes ☐ No

6. What parking ratios are common in your market area?

CBD 1 per ____________ sq. ft

Outside CBD 1 per ____________ sq. ft.

7. Is the standard work letter (slab-to-slab) for **Class A**, first generation space in your market area typically based on...

☐ the quantity of materials?

☐ dollars per square foot?

In either case, what is the approximate dollar value per square foot of the standard work letter in your market area? $____________

8. How is operating cost escalation determined?

☐ Base year ☐ Stop, please specify ____________

Section V: Outlook

9. What is the outlook in your market area for 1990?

Absorption	☐ Same	☐ Increase ________ %	☐ Decrease ________ %
Construction	☐ Same	☐ Increase ________ %	☐ Decrease ________ %
Vacancies	☐ Same	☐ Increase ________ %	☐ Decrease ________ %
Rental Rate	☐ Same	☐ Increase ________ %	☐ Decrease ________ %
Landlord Concessions	☐ Same	☐ Increase ________ %	☐ Decrease ________ %

Section VI: Market Area Information

Important: SIOR is interested in learning more about your market area. Please send any information about your local economy and local real estate markets with your survey. If specific information is not conveniently available, perhaps you can send an address where information can be obtained.

Name ____________________

Address ____________________

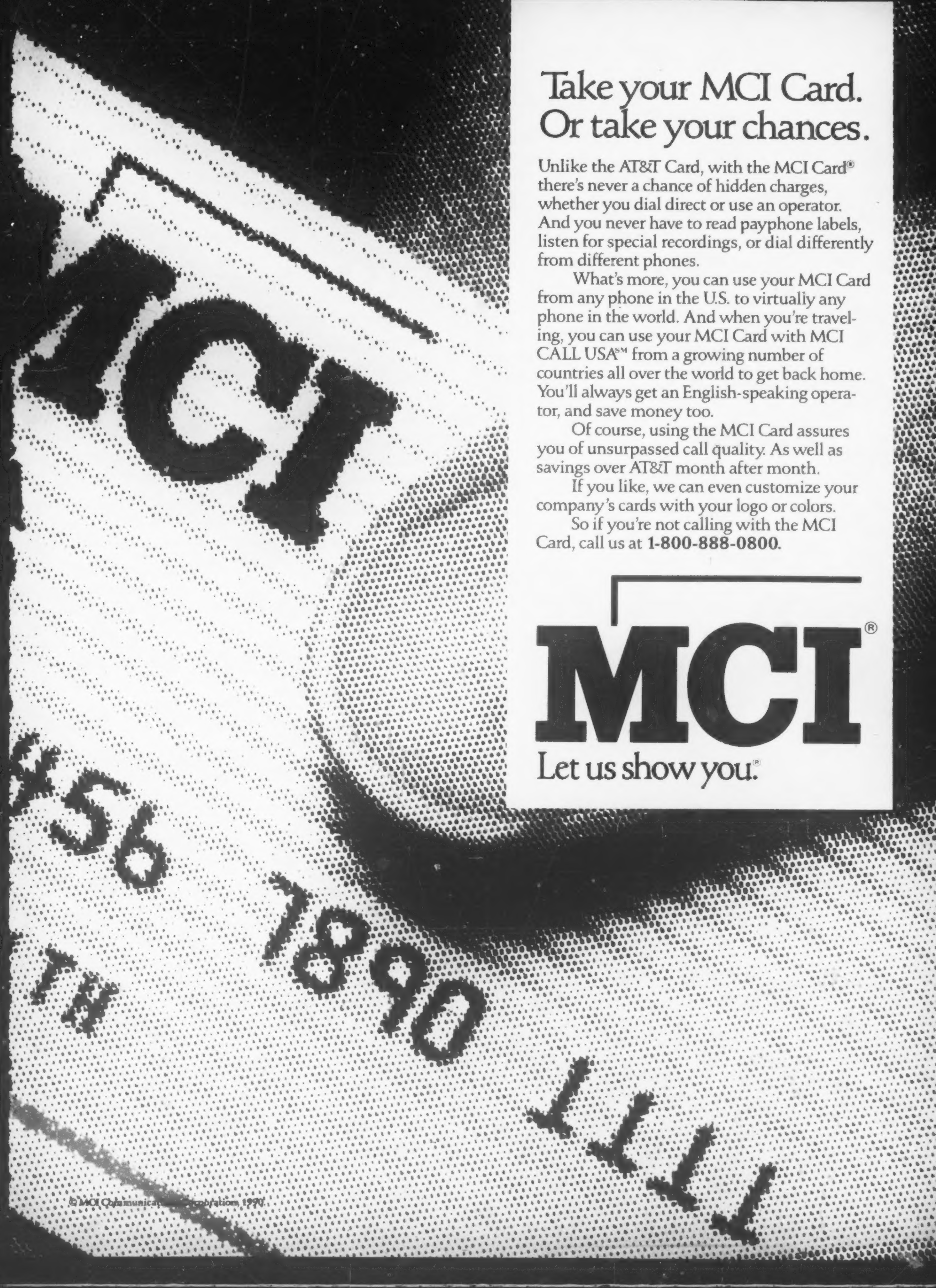
Type of information ____________________

Name ____________________

Address ____________________

Type of information ____________________

List of Resources ____________________



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